

# **TRANSCRIPT OF RECORD**

---

**Supreme Court of the United States**

**OCTOBER TERM, 1962**

**No. 23**

---

**PAN AMERICAN WORLD AIRWAYS, INC.,  
APPELLANT,**

**vs.**

**UNITED STATES.**

---

**No. 47**

---

**UNITED STATES, APPELLANT,**

**vs.**

**PAN AMERICAN WORLD AIRWAYS, INC., ET AL.**

---

**APPEALS FROM THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

---

**NO. 23 FILED JULY 25, 1961**

**NO. 47 FILED DECEMBER 1, 1961**

**JURISDICTION POSTPONED JANUARY 15, 1962**

**SUPREME COURT OF THE UNITED STATES**

**OCTOBER TERM, 1962**

**No. 23**

---

**PAN AMERICAN WORLD AIRWAYS, INC.,  
APPELLANT,**

**vs.**

**UNITED STATES.**

---

**No. 47**

---

**UNITED STATES, APPELLANT,**

**vs.**

**PAN AMERICAN WORLD AIRWAYS, INC., ET AL.**

---

**APPEALS FROM THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

---

**INDEX**

**VOLUME VI**

Original Print

Record from the United States District Court for  
the Southern District of New York—Continued  
Pan American World Airways, Inc? Exhibits—  
Continued

57—Amendment No. 1 to General Traffic and  
Sales Agency Agreement between Pan  
American World Airways, Inc. and  
Aerovias Nacionales de Colombia, S.A.  
dated June 18, 1957

2300 2383



Record from the United States District Court for  
the Southern District of New York—Continued  
Pan American World Airways, Inc. Exhibits—  
Continued

- |  |      |      |
|--|------|------|
| 58—Amendment No. 2 to General Traffic and Sales Agency Agreement between Pan American World Airways, Inc. and Aerovias Nacionales de Colombia, S.A. dated January 30, 1958 | 2302 | 2385 |
| 59—Amendment No. 3 to General Traffic and Sales Agency Agreement between Pan American World Airways, Inc. and Aerovias Nacionales de Colombia, S.A. dated March 31, 1958   | 2304 | 2387 |
| 60—Amendment No. 4 to General Traffic and Sales Agency Agreement between Pan American World Airways, Inc. and Aerovias Nacionales de Colombia, S.A. dated October 30, 1958 | 2306 | 2389 |
| 61—Agreement for ground services and use of ground facilities by scheduled operators between Pan American Airways, Inc. and Braniff Airways, Inc. dated April 27, 1948     | 2308 | 2391 |
| 62—Amendment No. I to Ground Facilities and Services Agreement between Pan American Airways, Inc. and Braniff Airways, Inc. dated September 27, 1948                       | 2314 | 2399 |
| 63—Amendment II to Ground Facilities and Services Agreement between Pan American Airways, Inc. and Braniff Airways, Inc. dated October 31, 1949                            | 2318 | 2404 |
| 64—Amendment No. III to Ground Facilities and Services Agreement between Pan American Airways, Inc. and Braniff Airways, Inc. dated December 7, 1949                       | 2321 | 2407 |
| 65—Amendment IV to Ground Facilities and Services Agreement between Pan American World Airways, Inc. and Braniff Airways, Inc. dated July 20, 1950                         | 2324 | 2410 |

# INDEX

iii

Original Print

## Record from the United States District Court for the Southern District of New York—Continued Pan American World Airways, Inc. Exhibits— Continued

66—Assignment agreement between Pan American World Airways, Inc. and Aeropuertos Unidos, S.A. dated April 30, 1952	2327	2412
67—Letter agreement between Pan American World Airways, Inc. and Braniff Airways, Inc. dated November 18, 1954	2328	2413
68—Amendment No. V to Ground Facilities and Services Agreement between Pan American World Airways, Inc. and Braniff Airways, Inc. dated June 20, 1957	2331	2416
69—Amendment VI to Ground Facilities and Services Agreement between Pan American World Airways, Inc. and Braniff Airways, Incorporated dated October 21, 1957	2332	2417
70—Letter agreement between Pan American Airways, Inc. and Panair Do Brasil, S.A. accepted November 16, 1943	2334	2420
71—Agreement between Pan American Airways, Inc. and Panair Do Brasil, S.A. dated January 1, 1944	2337	2423
72—Letter agreement between Pan American Airways, Inc. and Panair Do Brasil, S.A. accepted June 28, 1944	2346	2431
73—Letter agreement between Pan American Airways, Inc. and Panair Do Brasil, S.A. accepted December 30, 1946	2351	2436
74—Letter agreement between Pan American Airways, Inc. and Panair Do Brasil, S.A. accepted October 21, 1947	2352	2437
75—Letter agreement between Panair Do Brasil, S.A. and Pan American Airways, Inc. accepted January 13, 1947	2354	2439

Record from the United States District Court for  
the Southern District of New York—Continued  
Pan American World Airways, Inc. Exhibits—  
Continued

76—Letter agreement between Pan American World Airways, Inc. and Panair Do Brasil, S.A. accepted May 14, 1952	2355	2440
77—General Traffic and Sales Agency Agree- ment between Pan American World Air- ways, Inc. and Panair Do Brasil, S.A. dated January 1, 1955-	2357	2441
78—Letter agreement between Pan American World Airways, Inc. and Panair Do Brasil, S.A. accepted December 28, 1955	2379	2459
79—Amendment No. 1 to General Traffic and Sales Agency Agreement between Pan American World Airways, Inc. and Pan- air Do Brasil, S.A. dated July 1, 1957	2380	2460
80—Amendment No. 2 to General Traffic and Sales Agency Agreement between Pan American World Airways, Inc. and Pan- air Do Brasil, S.A. dated December 11, 1957	2382	2462
81—Letter from R. H. P. to C. J. Bilwiller dated August 30, 1927	2384	2463
82—Letter from R. H. Patchin to Mr. Carter dated August 31, 1927	2385	2464
83—Letter from J. T. Trippe to Harold R. Harris dated December 23, 1927	2386	2465
84—Letter from J. T. Trippe to Harold R. Harris dated December 30, 1927	2389	2468
85—Letter from Huff Daland Dusters, Inc. to Juan Trippe dated January 3, 1928	2390	2470
86—Memorandum of conversation with Dr. von Bauer by R. H. Patchin dated Jan- uary 3, 1928	2392	2472
87—Letter from J. T. Trippe to Harold R. Harris dated January 13, 1928	2395	2474
88—Letter from J. T. Trippe to Edgar N. Gott dated February 21, 1928	2397	2476

# INDEX

	Original	Print
Record from the United States District Court for the Southern District of New York—Continued		
Pan American World Airways, Inc. Exhibits—Continued		
89—Letter from Juan Trippe to Richard F. Hoyt dated February 23, 1928	2398	2477
90—Letter from Atlantic, Gulf and Caribbean Airways, Inc. to Edgar N. Gott dated April 10, 1928	2399	2479
91—Informal memorandum report by JTT dated April 27, 1928	2403	2482
92—Memorandum by JTT dated May 7, 1928	2414	2494
93—Supreme Resolution of Peru regarding the Huff Daland Dusters, Inc. dated May 26, 1928	2418	2498
94—Agreement between the General Administration of Posts and Telegraphs of Peru and the Huff Daland Dusters, Inc. dated June 27, 1928	2420	2500
95—Advertisement for foreign airmail service by Post Office Department dated May 31, 1928	2436	2514
96—Memorandum from C. E. to H. & I. dated June 5, 1928	2440	2520
97—Memorandum to J. T. Trippe from P. E. D. Nagle dated June 26, 1928	2443	2524
98—Airmail route proposal, bond and oath by Pan American Airways, Inc. dated July 2, 1928	2445	2525
99—Memorandum to Iglehart from Patchin dated July 11, 1928	2449	2531
100—FAM contract No. 5 between United States of America and Pan American Airways, Inc. dated July 13, 1928	2450	2532
101—Acceptance of Pan American Airways, Inc. proposal to carry mails between Key West, Florida, and Cristobal Canal Zone by W. Irving Glover, Second Assistant Postmaster General, dated July 13, 1928	2457	2538

	Original	Print
Record from the United States District Court for the Southern District of New York—Continued		
Pan American World Airways, Inc. Exhibits— Continued		
102—Memorandum from Robert G. Thach to J. T. Trippe dated August 1, 1928	2458	2538
103—Grace memorandum believed to be by Iglehart to Patchin dated August 3, 1928	2460	2541
104—Letter from C. E. to H. & R. dated Au- gust 6, 1928	2461	2542
105—Letter from Juan Trippe to Richard F. Hoyt dated August 14, 1928	2462	2543
106—Certificate of incorporation of Peruvian Airways Corporation dated September 4, 1928	2463	2544
107—Minutes of meeting of board of directors of Peruvian Airways Corporation held September 6, 1928	2472	2555
108—Memorandum to John D. MacGregor from J. T. Trippe dated September 10, 1928	2475	2558
109—Letter from J. T. Trippe to John D. Mac- Gregor dated September 10, 1928	2478	2562
110—Letter from J. T. T. to Richard F. Hoyt dated September 11, 1928	2480	2564
111—Letter from J. T. T. to R. B. Bevier dated September 11, 1928	2481	2565
112—Letter from J. T. Trippe to William F. Cogswell dated September 20, 1928	2482	2566
113—Letter from W. Irving Glover to Trippe dated October 4, 1928	2483	2567
114—Letter from R. H. Patchin to Richard F. Hoyt dated November 23, 1928	2484	2568
115—Change of route of FAM contract No. 5 announced by W. Irving Glover, Sec- ond Assistant Postmaster General, dated November 24, 1928	2485	2569
116—Letter from J. T. T. to C. V. Whitney dated November 27, 1928	2486	2569

Record from the United States District Court for  
the Southern District of New York—Continued  
Pan American World Airways, Inc. Exhibits—  
Continued.

	Original	Print
117—Memorandum for Mr. Hoyt from R. H. Patchen (sic) dated November 27, 1928	2487	2571
118—Letter from Peruvian Airways Corporation by H. R. Harris to Peruvian Airways Corporation, New York, dated December 5, 1928	2491	2575
119—Memorandum re operating history of Pan American Airways, Inc. by J. T. T. dated December 22, 1928	2494	2578
120—Letter to Henry Breckinridge from J. T. T. dated December 24, 1928	2500	2584
121—Letter to H. Case Willeox from J. T. Tripp dated January 5, 1929	2504	2588
122—Memorandum to Valverde from Patchin dated January 12, 1929	2508	2593
123—Letter to the representative of Huff Daland Dusters, Inc. from Postal and Telegraph Administration of Peru, A. S. Salazar, Secretary General, dated January 19, 1929	2509	2594
124—Memorandum re tentative estimate of proposed airway service between Colon, C.A. and Santiago, Chile, by Walter P. Jacob dated January 23, 1929	2510	2595
125—Pan American Airways, Inc. memorandum to J. T. Trippes from Walter Phelps Jacobs, dated January 25, 1929	2523	2608
126—Letter to Pan American Airways, Inc. from SCADTA dated January 28, 1929	2524	2609
127—Advertisements for foreign airmail service Post Office Department from Cristobal Canal Zone to Santiago, Chile, dated January 31, 1929	2525	2610
128—Pan American Airways, Inc. memorandum to R. H. Patchin from Walter P. Jacob dated February 19, 1929	2529	2615

Record from the United States District Court for  
the Southern District of New York--Continued  
Pan American World Airways, Inc. Exhibits--  
Continued

- |   |      |      |
|---|------|------|
| 129--Department of State press release re<br>aircraft facilities in United States,<br>Panama Canal Zone, and Colombia<br>(Keliogg-Olaya Agreement) dated Feb-<br>ruary 23, 1929                               | 2530 | 2616 |
| 130--Airmail proposal, bond and oaths by Pan<br>American-Grace Airways, Inc. dated<br>February 26, 1929   | 2532 | 2618 |
| 131--Letter to the Postmaster General from<br>Pan American-Grace Airways, Inc.<br>dated March 1, 1929   | 2536 | 2622 |
| 132--Post Office Department press release re<br>award to Pan American-Grace Airways<br>of mail contract between Cristobal<br>Canal Zone and Santiago, Chile, dated<br>March 2, 1929                           | 2537 | 2623 |
| 133--Acceptance of proposal of Pan American-<br>Grace Airways, Inc. to carry mails be-<br>tween Cristobal, Canal Zone and San-<br>tiago, Chile, by Harry S. New, Post-<br>master General, dated March 2, 1929 | 2540 | 2625 |
| 134--FAM Contract No. 9 between United<br>States of America and Pan American-<br>Grace Airways, Inc. dated March 2,<br>1929   | 2541 | 2625 |
| 135--Memorandum on behalf of Pan Amer-<br>ican-Grace Airways, Inc. in the matter<br>of the protest against this award of<br>foreign airmail contract No. 9 dated<br>March 26, 1929                            | 2548 | 2633 |
| 136--Telegram to Pan American-Grace Air-<br>ways from Irving Glover, Second As-<br>sistant Postmaster General, dated May<br>3, 1929   | 2600 | 2680 |



# INDEX

ix

Original Print

Record from the United States District Court for the Southern District of New York--Continued  
Pan American World Airways, Inc. Exhibits--  
Continued

- 137--Post Office Department press release re award of mail contract to Pan American-Grace Airways, Inc. dated May 3, 1929 2601 2680
- 138--Letter to R. F. Hoyt from J. D. MacGregor dated May 9, 1929 2602 2681
- 139--Memorandum to the directors of Pan American-Grace Airways, Inc. from J. D. MacGregor attached to letter to Hoyt from MacGregor dated May 9, 1929 2603 2682
- 140--Order signed by W. Irving Glover, Second Assistant Postmaster General, dated August 20, 1929 2614 2692
- 141--Letter to Walter F. Brown, Postmaster General, from Pan American Airways, Inc. dated October 24, 1929 2615 2692
- 142--Letter to Pan American Airways, Inc. from W. Irving Glover, Second Assistant Postmaster General, dated October 28, 1929 2619 2695
- 143--Traffic agreement between Pan American Airways, Inc., Pan American-Grace Airways, Inc. and SCADTA dated February 28, 1930 2620 2696
- 144--Letter to J. T. Trippe from E. E. W. dated May 2, 1930 2628 2701
- 145--Cable to MacCracken, O'Neill from Bunge Bilbao dated May 14, 1930 2632 2705
- 146--Letter to Pan American Airways, Inc. from James D. Summers dated June 4, 1930 2636 2707
- 147--Memo to J. T. Trippe from Pan American-Grace Airways, Inc. dated June 12, 1930 2639 2710



Record from the United States District Court for  
the Southern District of New York—Continued  
Pan American World Airways, Inc. Exhibits—  
Continued

- |  |      |      |
|--|------|------|
| 148—Letter to Walter F. Brown from Pan American-Grace Airways, Inc. dated June 18, 1930  | 2641 | 2712 |
| 149—Memorandum by MacCracken, Jr. and J. T. Trippe dated July 22, 1930   | 2645 | 2716 |
| 150—Memorandum in regard to the proposed acquisition by Aviation Corporation of the Americas of the assets of New York, Rio & Buenos Aires Line, Inc. prepared by Root, Clark, Buckner & Ballantine, counsel for Pan American, dated July 28, 1930 | 2646 | 2718 |
| 151—Letter to Root, Clark, Buckner & Ballantine from John Lord O'Brien, Assistant Attorney General, dated August 1, 1930   | 2687 | 2749 |
| 152—Post Office advertisement for foreign airmail service between Paramaribo and Santos dated August 20, 1930  | 2688 | 2750 |
| 153—Contract for foreign airmail service route No. 10 between United States of America and Pan American Airways, Inc. dated September 24, 1930   | 2696 | 2760 |
| 154—Extension of service and agreements, foreign airmail route No. 10, agreement between the United States of America and Pan American Airways, Inc. dated October 15, 1931  | 2709 | 2774 |
| 155—Memorandum to directors, Pan American-Grace Airways, Inc. from J. D. MacGregor dated September 26, 1930  | 2715 | 2782 |
| 156—Letter to Pan American Airways, Inc. from E. R. White, Director, Post Office Department, dated December 13, 1930   | 2721 | 2787 |

# INDEX

xi

Original Print

Record from the United States District Court for  
the Southern District of New York—Continued  
Pan American World Airways, Inc. Exhibits—  
Continued

157—Law No. 8 of 1931 of Colombia dated  
January 9, 1931

2722 2788

157A—Memorandum to Trippe from Evan E.  
Young dated March 6, 1931

2733 2797

158—Letter to the Postmaster General from  
J. T. Trippe dated April 7, 1931

2735 2799

159—Letter to the Postmaster General from  
J. T. Trippe dated April 7, 1931

2737 2800

160—Letter to the Postmaster General from  
J. T. Trippe dated April 7, 1931

2739 2803

161—Letter to J. T. Trippe from Francis  
White dated April 9, 1931

2740 2804

162—Letter to President of Pan American  
from Washington Representative (Nagle)  
dated June 17, 1931

2741 2805

163—Letter to Walter F. Brown from Thomas  
B. Doe dated July 2, 1931

2744 2808

164—Letter to Thomas B. Doe from Walter F.  
Brown dated July 7, 1931

2746 2810

165—Cable to J. T. Trippe from Tietjen dated  
July 10, 1931

2748 2811

166—Telegram to Tietjen from Tripp dated  
July 11, 1931

2749 2812

167—Letter to President from J. T. Trippe  
dated September 4, 1931

2759 2813

168—Agreement between Uraba, Medellin &  
Central Airways, Inc. and Gonzalo  
Mejia dated September 10, 1931

2753 2815

169—Clipping from the New York Times dated  
December 12, 1931

2759 2819

170—Translation of deed of assignment of the  
Mejia Concession to Uraba, Medellin &  
Central Airways, Inc. dated January  
11, 1932

2760 2821

171—Letter to Harold R. Harris from Geo. L.  
Ruhl dated December 24, 1933

2770 2830

Record from the United States District Court for  
the Southern District of New York—Continued  
Pan American World Airways, Inc. Exhibits—  
Continued

- |   |      |      |
|---|------|------|
| 172—Letter to Geo. L. "Bill" from H. R. Harris<br>dated December 30, 1933   | 2772 | 2833 |
| 173—Memorandum of conference with Francis<br>Wells by H. J. E. dated February 23,<br>1934   | 2774 | 2836 |
| 174—Letter to A. Gurn from Harold Reig<br>dated March 18, 1935  | 2780 | 2840 |
| 175—Letter to Chief of Engineering at New<br>York from Pan American Operations<br>Manager, Caribbean, Miami, dated<br>June 19, 1935   | 2785 | 2844 |
| 176—Letter to J. D. MacGregor from H. R.<br>Harris dated November 28, 1936  | 2787 | 2848 |
| 177—Confidential memorandum re airmail ser-<br>vice U.S.A. to Buenos Aires via west<br>coast of South America by Gurn at-<br>tached to letter from Harris to Mac-<br>Gregor dated November 28, 1936 | 2792 | 2855 |
| 178—Memorandum re extension of EAM 9<br>through Bolivia to the Argentine at-<br>tached to letter from Harris to Mac-<br>Gregor dated November 28, 1936  | 2796 | 2861 |
| 179—Letter to J. D. MacGregor from H. R.<br>Harris dated December 7, 1936   | 2803 | 2867 |

[fol. 2300]

PAN AMERICAN WORLD AIRWAYS, INC., EXHIBIT 57

## AMENDMENT NO. 1

THIS AMENDATORY AGREEMENT, made as of June 18th, 1957, between PAN AMERICAN WORLD AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York, hereinafter referred to as "Pan American", and AEROLIAS NACIONALES DE COLOMBIA, S.A., a corporation organized and existing under the laws of Colombia, hereinafter referred to as the "Company",

## WITNESSETH THAT:

WHEREAS, Pan American and the Company have entered into a General Traffic and Sales Agency Agreement dated December 3, 1954, whereby the Company acts as general traffic and sales agent for Pan American and its affiliated carriers in the country of Colombia, and whereby Pan American and its affiliated carriers act as general traffic and sales agent outside the countries of Colombia and Ecuador; and

WHEREAS, Pan American and the Company desire to amend the General Traffic and Sales Agency Agreement to exclude the country of Peru from the territory in which Pan American and its affiliated carriers act as general traffic and sales agent for the Company;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained the parties hereby agree as follows:

1. The General Traffic and Sales Agency Agreement is hereby amended as follows, effective as of June 18th, 1957:

1. The first sentence in paragraph 4 is hereby revised to read as follows:

[fol. 2301] "The Company hereby appoints Pan American and its affiliated carriers, and Pan American agrees to act and make arrangements with its affiliated carriers under which they will act, as General

Traffic and Sales Agent for the Company outside Colombia, Ecuador and Peru, except in those countries, regions and cities specifically excluded by Annex No. 1."

2. Paragraph 1 (a) of Annex No. 1 is hereby revised to read as follows:

"(a) Pan American, on one side, agrees to act as General Traffic and Sales Agent on behalf of the Company outside the countries of Colombia, Ecuador and Peru; and".

II. Except as herein specifically amended, all of the terms and conditions of the General Traffic and Sales Agency Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, Pan American and the Company have caused this Amendatory Agreement to be executed in their corporate names by their respective officers thereunto duly authorized as of the day and year first above written.

PAN AMERICAN WORLD AIRWAYS, INC.

/s/ WILLIS G. LIPSCOMB

WITNESS:

/s/ (Illegible)

AEROVIAS NACIONALES DE COLOMBIA, S.A.

/s/ JUAN GUILLERMO ROSTROPO J.

WITNESS:

/s/ (Illegible)

[fol. 2302]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 58

## AMENDMENT NO. 2

THIS AMENDATORY AGREEMENT, made as of January 30, 1958 between PAN AMERICAN WORLD AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York, hereinafter referred to as "Pan American", and AEROVIAS NACIONALES DE COLOMBIA, S. A., a corporation organized and existing under the laws of Colombia, hereinafter referred to as the "Company":

## WITNESSETH THAT:

WHEREAS, Pan American and the Company have entered into a General Traffic and Sales Agency dated December 3, 1954, as amended by Amendment No. 1 dated June 18, 1957, whereby the Company acts as general traffic and sales agent for Pan American and its affiliated carriers in the country of Colombia, and whereby Pan American and its affiliated carriers act as general traffic and sales agents outside the countries of Colombia, Ecuador and Peru; and

WHEREAS, Pan American and the Company desire to further amend the General Traffic and Sales Agency Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained the parties hereby agree as follows:

1. The General Traffic and Sales Agency Agreement is hereby amended as follows, effective as of August 1, 1958:

1. The first sentence in paragraph 4 is hereby revised to read as follows:

"The Company hereby appoints Pan American and its affiliated carriers, and Pan American agrees to act and make arrangements with its affiliated carriers under which they will act, as General Traffic and Sales Agent

for the Company, outside Canada, Colombia, Ecuador, Peru, Chile and the continental United States, except in those countries, regions and cities specifically excluded by Annex No. 1."

[fol. 2303] 2. Subparagraphs (c) and (d) of paragraph 8 are hereby redesignated as subparagraphs (d) and (e), and the following is hereby inserted as a new subparagraph (c) of said paragraph 8:

"(c) Each party hereto shall submit to the other a written report, promptly after the end of each month of all sales of passenger, express and cargo transportation over its lines made during such month by other carriers in the territory in which such other party acts as General Traffic and Sales Agent hereunder, which report shall set forth the total amount of the applicable fares and charges as referred to above with respect to each such sale".

3. Paragraph 1 of Annex No. 1 is hereby revised to read as follows:

"(a) Pan American, on one side, agrees to act as General Traffic and Sales Agent on behalf of the Company outside the countries of Canada, Colombia, Ecuador, Peru, Chile and the continental United States, and".

4. Paragraph 1 (b) of Annex No. 1 is hereby revised to read as follows:

"(b) The Company, on the other side, agrees to act as General Traffic and Sales Agent on behalf of Pan American in the country of Colombia except in the cities of Bogota and Barranquilla".

II. Except as herein specifically amended, all of the terms and conditions of the General Traffic and Sales Agency Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, Pan American and the Company have caused this Amendatory Agreement to be executed in their corporate names by their respective officers

thereunto duly authorized as of the day and year first above written.

PAN AMERICAN WORLD AIRWAYS, INC.

S/ WILLIS G. LIPSCOMB  
Willis G. Lipscomb  
Vice President Traffic & Sales

WITNESS:

S/ (Illegible)

AEROVÍAS NACIONALES DE COLOMBIA, S.A.

S/ JUAN GUILLERMO ROSTROPO J.  
Juan Guillermo Rostropo J.  
President

WITNESS:

[fol. 2304]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 59

### AMENDMENT NO. 3

THIS AMENDATORY AGREEMENT, made as of March 31, 1958, between PAN AMERICAN WORLD AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York, hereinafter referred to as "Pan American", and AEROVÍAS NACIONALES DE COLOMBIA, S. A., a corporation organized and existing under the laws of Colombia, hereinafter referred to as the "Company",

### WITNESSETH THAT:

WHEREAS, Pan American and the Company have entered into a General Traffic and Sales Agency Agreement dated December 3, 1954, as amended by Amendment No. 1 dated June 18, 1957 and Amendment No. 2 dated January 30, 1958, whereby the Company acts as general traffic and sales agent for Pan American and its affiliated carriers in



the country of Colombia, except in the cities of Bogota and Barranquilla, and whereby Pan American and its affiliated carriers act as general traffic and sales agents outside the countries of Canada, Chile, Colombia, Ecuador, Peru and the continental United States; and

WHEREAS, Pan American and the Company desire to further amend the General Traffic and Sales Agency Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained the parties hereby agree as follows:

I. The General Traffic and Sales Agency Agreement is hereby amended as follows, effective as of August 1, 1958:

1. The first sentence in paragraph 4 is hereby revised to read as follows:

"The Company hereby appoints Pan American and its [fol. 2305] affiliated carriers, and Pan American agrees to act and make arrangements with its affiliated carriers under which they will act, as General Traffic and Sales Agent for the Company, outside Bolivia, Canada, Chile, Colombia, Ecuador, Peru, and the continental United States, except in those countries, regions and cities specifically excluded by Annex No. 1".

2. Paragraph 1 of Annex No. 1 is hereby revised to read as follows:

"(a) Pan American, on one side, agrees to act as General Traffic and Sales Agent on behalf of the Company outside the countries of Bolivia, Canada, Chile, Colombia, Ecuador, Peru, and the continental United States, and".

II. Except as herein specifically amended, all of the terms and conditions of the General Traffic and Sales Agency Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, Pan American and the Company have caused this Amendatory Agreement to be ex-

executed in their corporate names by their respective officers thereunto duly authorized as of the day and year first above written.

PAN AMERICAN WORLD AIRWAYS, INC.

/s/ WILLIS G. LIPSCOMB

Willis G. Lipcomb

Vice President-Traffic & Sales

WITNESS:

(Signature Illegible)

AEROLÍAS NACIONALES DE COLOMBIA, S.A.

/s/ JUAN GUILLERMO ROSTROPO J.

WITNESS:

(Signature Illegible)

[fol. 2306]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 60

#### AMENDMENT NO. 4

THIS AMENDATORY AGREEMENT, made as of October 30, 1958, between Pan AMERICAN WORLD AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York, hereinafter referred to as "Pan American", and AEROLÍAS NACIONALES DE COLOMBIA, S. A., a corporation organized and existing under the laws of Colombia, hereinafter referred to as the "Company",

#### WITNESSETH THAT:

WHEREAS, Pan American and the Company have entered into a General Traffic and Sales Agency Agreement dated December 3, 1954, as amended by Amendment No. 1 dated June 18, 1957, Amendment No. 2 dated January 30, 1958, and Amendment No. 3 dated March 31, 1958, whereby

the Company acts as general traffic and sales agent for Pan American and its affiliated carriers in the country of Colombia, except in the cities of Bogota and Barranquilla, and whereby Pan American and its affiliated carriers act as general traffic and sales agents outside the countries of Bolivia, Canada, Chile, Colombia, Ecuador, Peru, and the continental United States; and

WHEREAS, Pan American and the Company desire to further amend the General Traffic and Sales Agency Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained the parties hereby agree as follows:

1. The General Traffic and Sales Agency Agreement is hereby amended as follows, effective as of December 1, 1958:

1. The first sentence in paragraph 4 is hereby revised to read as follows:

[fol. 2307] "The Company hereby appoints Pan American and its affiliated carriers, and Pan American agrees to act and make arrangements with its affiliated carriers under which they will act, as General Traffic and Sales Agent for the Company, outside Bolivia, Canada, Chile, Colombia, Ecuador, Panama (including the Republic of Panama and the Canal Zone), Peru, and the continental United States, except in those countries, regions and cities specifically excluded by Annex No. 1".

2. Paragraph 1 of Annex No. 1 is hereby revised to read as follows:

"(a) Pan American, on one side, agrees to act as General Traffic and Sales Agent on behalf of the Company outside the countries of Bolivia, Canada, Chile, Colombia, Ecuador, Panama (including the Republic of Panama and the Canal Zone), Peru, and the continental United States, and".

II. Except as herein specifically amended, all of the terms and conditions of the General Traffic and Sales Agency Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, Pan American and the Company have caused this Amendatory Agreement to be executed in their corporate names by their respective officers thereunto duly authorized as of the day and year first above written.

PAN AMERICAN WORLD AIRWAYS, INC.

Willis G. Lipscomb

Vice President-Traffic & Sales

WITNESS:

(Signature Illegible)

AEROVIAS NACIONALES DE COLOMBIA, S.A.

(Signature Illegible)

(Title Illegible)

WITNESS:

(Signature Illegible)

[fol. 2308]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 61

# STANDARD FORM OF AGREEMENT FOR GROUND SERVICES AND USE OF GROUND FACILITIES BY SCHEDULED OPERATORS

THIS AGREEMENT, made this 27th day of April, 1948, between PAN AMERICAN AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York (Hereinafter called "Pan American"), and BRANIFF AIRWAYS, INC., a corporation organized and existing under the laws of the State of Oklahoma (hereinafter called "Braniff").

WITNESSETH THAT:

WHEREAS, Pan American operates an extensive system of international air transportation services and in

connection therewith maintains a ground organization and ground facilities at various locations, including certain such organization and facilities at each of the locations at which services are to be rendered pursuant to this Agreement; and

WHEREAS, Braniff proposes to operate air transportation services between Houston-Havana-Panama, and in connection therewith requires ground services and facilities at certain locations as hereinafter more fully set forth; and

WHEREAS, Braniff desires to have Pan American furnish certain of such ground facilities and services to it, and Pan American is willing to furnish such facilities and services, upon the terms and conditions hereinafter set forth;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties hereby agree as follows:

1. Attached hereto and made a part hereof, is a schedule relating to each location at which services are to be performed or facilities made available pursuant to this Agreement, setting forth the services so to be performed and the facilities so to be made available at such location said schedule being designated SCHEDULE I, (Havana). Pan American hereby agree, to the extent that Pan American has such facilities and services available, having regard to the requirements of its own operations, to permit Braniff to utilize those ground facilities and to furnish to Braniff those services at the location shown in the SCHEDULE which are listed in said schedule relating to such location.

2. Pan American agrees to use its best efforts to follow reasonable instructions from Braniff regarding the standards, practices and procedures to be followed in furnishing services pursuant to the Agreement. In the absence of such instructions, services will be furnished in accordance with the standards, practices and procedures followed [fol. 2309] by Pan American in connection with its own operations. Braniff agrees to be bound by such reasonable rules and regulations as Pan American shall establish in connection with use of such facilities and receipt of such

services. The facilities and services listed in Part A of the SCHEDULE will be made available without further request for all scheduled flights made by Braniff between the points referred to in the Second Recital to this Agreement, in accordance with schedules furnished by Pan American. Such services and facilities will also be made available upon request for other flights of Braniff between said points, provided the request is received by Pan American a reasonable time prior to the intended use of the facilities and services. The facilities and services listed in Part B of the SCHEDULE will be made available only upon request by the pilot commanding the flight or by other authorized representative of Braniff, who will sign an appropriate receipt therefor. It is understood and agreed that any officer of Braniff, or any employee, agent or representative of Braniff acting in a supervisory capacity at, or in respect of, the location concerned, or any person otherwise authorized by Braniff, shall be authorized to give instructions on behalf of Braniff regarding the services to be rendered and to request services on behalf of Braniff hereunder.

3. Braniff will pay Pan American for the services and facilities listed in Part A of the SCHEDULE at the rate of \$124.00 per landing for each scheduled landing and for each extra section or non-scheduled landing made by Braniff at Ranchito Boyeros Airport. This rate was determined on the basis of a minimum of two DC-6 round trips schedules and one DC-4 round trip schedule weekly transiting Havana. The charges become effective on the date of the first survey flight and monthly charges thereafter to Braniff will not be less than the minimum schedules used in determining the rate as indicated above. Braniff will pay Pan American for the services and facilities listed in Part B of the SCHEDULE at the rates shown with respect thereto in the SCHEDULE. The foregoing charges have been arrived at on the basis of current costs and the utilization of Pan American facilities and services at the locations covered by this Agreement now being made or committed for. The parties will review these charges at six months' intervals from the date of this Agreement and at such other times as either party shall request. In the event that it is found on such review that there has been a change in costs or in utilization of the facilities and services, an appropriate adjustment will be made in the charges. Such



adjustment will become effective as of the first of the month following the date when the review is requested, pursuant hereto, or, in the case of a periodic review provided for herein, as of the first of the month following the date provided for such review.

4. Payments will be made by Braniff in United States currency in the United States to Pan American promptly after the end of each month upon submission of statements for the amount due.

5. Except as otherwise provided herein, all arrangements for use of third party facilities by Braniff or for services from third parties to Braniff will be made by Braniff, and all payments therefor will be made directly by Braniff and not through Pan American.

6. (a) Braniff agrees to maintain in effect the following described insurance covering its operations through and its activities in and about the location referred to in the SCHEDULE, in the respective amounts stated below and with insurers satisfactory to Pan American; to furnish Pan American prior to the effective date of this Agreement with certificates of insurance certifying that such insurance is in full force and effect and that all rights of subrogation against Pan American have been waived by the insurers; and to modify Pan American in the event any such insurance is cancelled or changed:

<i>Description</i>	<i>Limits of Liability (U. S. Currency)</i>
Aircraft Public Liability	\$ 100,000 any one person 1,000,000 any one accident
Aircraft Property Damage	200,000 any one accident
Airport or Premises Property Damage	50,000 any one accident
Airport or Premises Public Liability	100,000 any one person 300,000 any one accident
Employers Liability	50,000 any one person 300,000 any one accident

(b) Braniff further agrees to indemnify and hold harmless Pan American from and against all liabilities, damages, losses and judgments, including costs and expenses incident thereto, which may (i) be suffered by, accrue against, be charged to, or recoverable from Pan American by reason of loss of or damage to property, or by reason of injury to or death of any person, other than officers, agents and employees of Pan American, arising out of or in any way connected with the use of facilities or the furnishing of services pursuant to this Agreement, unless caused by the sole negligence of Pan American or by the joint negligence of Pan American and any person, firm or corporation [fol. 2311] other than Braniff, its officers, agents, or employees, or (ii) be suffered by, accrue against, be charged to or recoverable from Pan American by reason of injury to or death of any officer, agent or employee of Pan American caused by negligence on the part of Braniff, its officers, agents or employees, in connection with any matter dealt with in this Agreement.

(c) It is understood and agreed that this Agreement and the rights granted to Braniff to use the facilities of, and to receive services from Pan American as herein provided do not impose upon Pan American any liability to Braniff for loss, injury, damage or delay of any nature whatsoever, and Braniff hereby releases Pan American from all liability to it for loss, injury, damage or delay, regardless of how caused, arising out of or in any way connected with any matter dealt with in this Agreement or any action taken or omitted to be taken pursuant hereto, except any such liability which may exist by reason of Pan American's negligence in the operation of its own aircraft.

(d) Braniff hereby agrees to reimburse Pan American for any losses suffered by Pan American by reason of damage to or destruction of property owned or leased by Pan American, caused by negligence on the part of Braniff, its officers, agents or employees in connection with any matter dealt with in this Agreement, and, at the request of Pan American, to use its best efforts to repair or replace at Braniff's expense, any property so damaged or destroyed.



7. Nothing herein contained shall require Pan American to take any action contrary to law or to any order or regulation of any government or governmental body or officer having jurisdiction, or contrary to any permit or authorization granted to Pan American by any government or governmental body, or contrary to any arrangement pursuant to which Pan American operates or utilizes any of the facilities referred to herein. Pan American shall not be liable for failure to perform this Agreement if such failure is caused by act of God, fire, flood, strike, labor dispute, riot, insurrection, war, or any cause beyond the control of Pan American whether or not similar to the causes herein specifically mentioned.

8. This Agreement shall become effective immediately, shall supersede any existing arrangements between the parties covering the same subject matter, and shall continue in effect until cancelled by one party upon sixty days' written notice to the other. This Agreement may be cancelled immediately by either party if disapproved by the aeronautical authorities having supervisory jurisdiction over that party.

[fol. 2312] 9. Any notice required or permitted to be given pursuant to this agreement shall be duly given if sent by mail and addressed, in the case of notice to Pan American, to W. L. Morrison, Vice President, Pan American Airways, Inc., 1820 Delaware Parkway, Miami, Florida, and in the case of notice to Braniff, to the President, Braniff Airways, Love Field, Dallas (9), Texas.

10. This Agreement, regardless of where executed, shall be construed in accordance with, and performance shall be determined by the laws of the State of New York.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in their names and on their behalf by their respective officers thereunto duly authorized.

PAN AMERICAN AIRWAYS, INC.

By /s/ W. L. MORRISON

ATTEST:

/s/ (Signature Illegible)

BRANIFF AIRWAYS, INC.

By /s/ R. C. SHRADER

ATTEST:

/s/ (Signature Illegible)  
Asst. Secretary

[fol. 2313]

## SCHEDULE I

## LOCATION HAWAII

## PART A

I. *Operations Services and Facilities*1. *Use of Airport*

- (a) Non-exclusive use to land and take-off runways; taxi strips
- (b) Airport lighting system

2. *Ramp Services*

- (a) Use of passenger and cargo loading ladders and steps
- (b) Loading and unloading of aircraft
- (c) Towing to and from ramp
- (d) Placing and removing aircraft safety locks
- (e) Use of battery cart, CO<sub>2</sub> cart and emergency fire equipment in connection with starting engines
- (f) Physical dispatch from ramp including personnel necessary to issue appropriate instructions for starting engines and taxi away from ramp
- (g) Personnel for refueling
- (h) Routine aircraft inspection of carburetors, propellers, landing gear, wheels and tires, and control surfaces
- (i) Check de-icer fluid
- (j) Check fluid in hydraulic tanks
- (k) Clean cockpit windows
- (l) Clean cabin windows and aircraft exterior as time permits

- (m) Clean cabin interior as time permits
- (n) Clean lavatories
- (o) Check water in cabin

### 3. *Use of Terminal*

- (a) Non-exclusive use of lobby and rest rooms
- (b) Non-exclusive use of customs, health and immigration areas
- (c) Porter and janitor services

### 4. *Aircraft Operations Dispatch*

- (a) Preparation of flight plan
- (b) Weight and balance manifests
- (c) Preparation of flight time analysis
- (d) Briefing crew
- (e) Computation of lead
- (f) Contact with air traffic control
- (g) Terminal weather report

## PART B

### I. *Direct Charges*

#### 1. Aircraft Fuel

#### \*2. Aircraft Maintenance and repair

Skilled Labor           \$3.50 per man hour regular time  
                                   \$5.25 per man hour overtime

Materials—current price

#### 3. Preparation and transmission of weather reports from stations not covered in agreement \$1.00 each.

#### 4. Exclusive Terminal Space

Per square foot floor space      \$1.50 per annum

---

\* This charge to be made for major repair over and above services listed under Section 2, Part A.

[fol. 2314]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 62

September 27, 1948

Mr. R. C. Shrader  
Vice President  
Braniff Airways, Inc.  
Love Field  
Dallas 9, Texas

Dear Mr. Shrader:

Attached is an Amendatory Agreement to revise the rate for Braniff's use of Rancho Boxeros as stated in the original contract of April 27, 1948, from \$124.00 to \$139.00. This is due to the inclusion of the expense of the international express unit at the airport, which up to this time has been borne 100% by Pan American as well as the general rise in costs since the first of the year. As you will recall this matter was discussed at a meeting held in Havana last June with representatives of all airlines at which time it was recommended that this service be included as part of the cost of the proposed Air Terminal Company then seemingly in the process of formation. Now that it appears improbable that these plans will ever materialize, there is no alternative other than to include this expense and distribute the cost of all users of the airport.

You will recall that reductions in the rate have been made whenever it was possible in spite of the fact that Pan American has invested an additional \$150,000 in airport facilities as a result of increased usage by the competitive airlines and forced wage increases by the labor union. In this connection the Cubana labor contract is again up for renewal and although every effort will be made to keep any upward adjustment to a minimum, the substantial increases ranging from 40% to 60% recently granted by the government to the omnibus and other public service workers has considerably weakened our bargaining position. In view of the foregoing, this will notify you that it may be necessary to again amend the rate when the results of the current negotiations are known.

Please be assured that Pan American will continue to keep the operation of this airport under surveillance for economic operation and if a reduction is possible at any time, it will be passed on to all scheduled carriers as in the past. After execution all copies of the amendment should be returned to the undersigned and appropriate copies will be forwarded to you for your files.

Very truly yours,

Original Signed by  
W. L. MORRISON/R

W. L. Morrison, Vice President  
Latin American Division

cc: Vice President Dean  
Vice President Balluder  
Asst. General Counsel  
General Manager—Cubana

Enclosures 5

[fol. 2315]

### AMENDMENT NO. 1

This Amendatory Agreement, made this 27th day of September 1948, between PAN AMERICAN AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York (hereinafter called "Pan American") and BRANIFF AIRWAYS, INCORPORATED, a corporation organized and existing under the laws of the State of Oklahoma (hereinafter called "Braniff"),

#### WITNESSETH THAT:

WHEREAS, Pan American and Braniff are parties to an agreement dated the 27th day of April, 1948, (hereinafter called the "Principal Agreement"), providing for certain ground facilities and services to be furnished to Braniff by Pan American; and

WHEREAS, the parties desire to amend the Principal Agreement so as to include the costs of handling international air express at Rancho Boyeros Airport, Havana, Cuba;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties hereto agree that the Principal Agreement is hereby amended, effective as of October 1, 1948, as follows:

1. By changing the first sentence of Paragraph 3 to read as follows: Braniff will pay Pan American for the services and facilities listed in Part A of the SCHEDULE at the rate of \$139.00 per landing for each scheduled landing and for each extra section or non-scheduled landing made by Braniff at Rancho Boyeros Airport.

2. By adding Paragraph 11 to read as follows: Any taxes payable by either party, other than U.S. income taxes payable by Pan American by reason of this agreement or the use of the services and facilities by Braniff pursuant hereto shall be borne by Braniff.

3. By amending SCHEDULE 1 in the form attached hereto and made a part hereof.

Except as herein modified, all terms and conditions of the Principal Agreement shall continue in full force and effect.

[fol. 2316] IN WITNESS WHEREOF, the parties have caused this Amendatory Agreement to be executed in their names and on their behalf by their respective officers thereunto duly authorized.

PAN AMERICAN AIRWAYS, INC.

By S/ .....

ATTEST:

S/ SARAH T. LANSFORD

BRANIFF AIRWAYS, INCORPORATED

By S/ .....  
Vice President

ATTEST:

S/ .....  
Secretary



SCHEDULE I  
LOCATION HAVANA

PART A

**1. *Operations Services and Facilities***

**1. *Use of Airport***

- (a) Non-exclusive use to land and take-off runways; taxi strips.
- (b) Airport lighting system

**2. *Ramp Services***

- (a) Use of passenger and cargo loading ladders and steps
- (b) Loading and unloading of aircraft
- (c) Towing to and from ramp
- (d) Placing and removing aircraft safety locks
- (e) Use of battery cart, CO<sub>2</sub> cart and emergency fire equipment in connection with starting engines
- (f) Physical dispatch from ramp including personnel necessary to issue appropriate instructions for starting engines and taxi away from ramp
- (g) Personnel for refueling
- (h) Routine aircraft inspection of carburetors, propellers, landing gear, wheels and tires, and control surfaces
- (i) Check de-icer fluid
- (j) Check fluid in hydraulic tanks
- (k) Clean cockpit windows
- (l) Clean cabin windows and aircraft exterior as time permits
- (m) Clean cabin interior as time permits
- (n) Clean lavatories
- (o) Check water in cabin

**3. *Use of Terminal***

- (a) Non-exclusive use of lobby and rest rooms

- (b) Non-exclusive use of customs, health and immigration areas
- (c) Porter and janitor services
- 4. *Aircraft Operations Dispatch*
  - (a) Preparation of flight plan
  - (b) Weight and balance manifests
  - (c) Preparation of flight time analysis
  - (d) Briefing crew
  - (e) Computation of load
  - (f) Contact with air traffic control
  - (g) Terminal weather report
- 5. *International Airport Express*
  - (a) Unwrapping and rewrapping packages for customs inspection
  - (b) Assistance in clearance through customs
  - (c) Storage in international air express warehouse
  - (d) Non-exclusive use of international air express warehouse

## PART B

### I. *Direct Charges*

- 1. *Aircraft Fuel*  
Price per gallon—current rate
- 2. *Aircraft Maintenance and repair*
  - Skilled Labor           \$3.50 per man hour regular time  
                                  \$5.25 per man hour overtime
  - Materials—current price
- 3. *Preparation and transmission of weather reports from stations not covered in agreement \$1.00 each.*
- 4. *Exclusive Terminal Space*  
Per square foot floor space   \$1.50 per annum

---

\* This charge to be made for major repair over and above services listed under Section 2, Part a.



[fol. 2318]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 63

## AMENDMENT NO. II

This Amendatory Agreement, made this 31st day of October, 1949, between PAN AMERICAN AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York (hereinafter called "Pan American"), and BRANIFF AIRWAYS, INCORPORATED, a corporation organized and existing under the laws of the State of Oklahoma (hereinafter called "Braniff"),

## WITNESSETH THAT:

WHEREAS, Pan American and Braniff are parties to an agreement dated the 27th day of April, 1948, as amended the 27th day of September, 1948, (hereinafter called the "Principal Agreement"), providing for certain ground facilities and services to be furnished to Braniff by Pan American; and

WHEREAS, the parties desire to amend the Principal Agreement so as to reflect the effect of increased frequencies operated by Braniff and transiting Rancho Boyeros Airport, Havana Cuba and to revise Paragraphs 6 (b), 6 (c) and 6 (d) to read as indicated below;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties hereto agree that the Principal Agreement is hereby amended, effective as of October 1, 1949, as follows:

1. By changing the first and second sentences of Paragraph 3 to read as follows:

Braniff will pay Pan American for the services and facilities listed in Part A of the SCHEDULE at the rate of \$131.00 per landing for each scheduled landing and for each extra section or non-scheduled landing made by Braniff at Rancho Boyeros Airport. This rate was determined on the basis of a minimum of two DC-6 round trip schedules and two DC-4 round trip schedules weekly, transiting Havana.

2. By changing Paragraph 6 (b) to read as follows:

Braniff agrees to indemnify and hold harmless Pan American, its officers, agents and employees, and any other person, firm or corporation, and the officers, agents and employees of such person, firm or corporation, which may, pursuant to agreement with Pan American or otherwise, maintain or operate any of the facilities or provide any of the services to be made available to Braniff under this Agreement, (any such other person, firm or corporation being hereinafter called "the Operator"), from and against all liabilities, damages, losses, and judgments, including costs and expenses incident thereto, which may (i) be suffered by, accrue against, be charged to, or recoverable from Pan American, its officers, agents or employees, or the Operator, its officers, agents or employees, by reason of or on account of loss of or damage to property, or by reason of or on account of injury to or death of any person other than the officers, agents and employees of Pan American and the Operator, arising out of or in any way connected with the use by Braniff of the facilities and services herein provided for, unless caused by the sole negligence of Pan American or the Operator or by the joint negligence of Pan American and the Operator or of Pan American or the Operator and any person, firm or corporation other than Braniff, its officers, agents or employees, or (ii) be suffered by, accrue against, be charged to, or recoverable from Pan American or the Operator by reason of injury to or death of any officer, agent or employee of Pan American or the Operator caused by negligence on the part of Braniff, its officers, agents or employees in connection with any matter dealt with in this Agreement.

3. By changing Paragraph 6 (c) to read as follows:

It is understood and agreed that the permission hereby granted Braniff to use the facilities and to receive services as herein provided does not impose upon Pan American or the Operator any liability for loss, injury, damage or delay of any nature whatsoever, and Braniff hereby releases Pan American and the Operator from all liability to it for

loss, injury, damage or delay, regardless of how caused, arising out of or connected with such use or any matter dealt with in this Agreement or any action taken or omitted to be taken pursuant hereto, except that Pan American or the Operator, as the case may be, is not hereby released from any such liability which may exist by reason of negligence in the operation of its own aircraft.

4. By changing Paragraph 6 (d) to read as follows:

Braniff hereby agrees to reimburse Pan American and the Operator for any losses suffered by Pan American or the Operator by reason of damage to or destruction of property owned or leased by Pan American or the Operator, caused by negligence on the part of Braniff, its officers, agents or employees in connection with any matter dealt with in this Agreement, and, at the request of Pan American, to use its best efforts to repair or replace, at Braniff's expense, any property so damaged or destroyed.

[fol. 2320] Except as herein modified, all terms and conditions of the Principal Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendatory Agreement to be executed in their names on their behalf by their respective officers thereunto duly authorized.

PAN AMERICAN AIRWAYS, INC.

By \_\_\_\_\_

ATTEST:

/s/ SARAH T. LANSFORD

BRANIFF AIRWAYS, INCORPORATED

By /s/ R. C. SHRADER

ATTEST:

/s/ Illegible

Sec'y

[fol. 2321]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 64

## AMENDMENT NO. III

This Amendatory Agreement, made this 7th day of December, 1949, between PAN AMERICAN AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York (hereinafter called "Pan American"), and BRANIFF AIRWAYS, INCORPORATED, a corporation organized and existing under the laws of the State of Oklahoma (hereinafter called "Braniff");

## WITNESSETH THAT:

WHEREAS, Pan American and Braniff are parties to an Agreement dated the 27th day of April, 1948, as amended the 27th day of September, 1948, and the 31st day of October, 1949, (hereinafter called the "Principal Agreement"), providing for certain ground facilities and services to be furnished to Braniff by Pan American; and

WHEREAS, the parties desire to amend the Principal Agreement so as to eliminate the costs of handling international air express at Rancho Boyeros Airport, Havana, Cuba;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties hereto agree that the Principal Agreement is hereby amended, effective as of December 1, 1949, as follows:

1. By changing the first sentence of Paragraph 3 to read as follows:

Braniff will pay Pan American for the services and facilities listed in Part A of the SCHEDULE at the rate of \$115.00 per landing for each landing and for each extra section or non-scheduled landing made by Braniff at Rancho Boyeros Airport.

2. By amending SCHEDULE I in the form attached hereto and made a part hereof.

Except as herein modified, all terms and conditions of the Principal Agreement shall continue in full force and effect.

[fol. 2322] IN WITNESS WHEREOF, the parties have caused this Amendatory Agreement to be executed in their names on their behalf by their respective officers thereunto duly authorized.

PAN AMERICAN AIRWAYS, INC.

By /s/ (Signature Illegible)

ATTEST:

/s/ J. B. WILLIAMS.

/s/ (Signature Illegible)

BRANIFF AIRWAYS, INCORPORATED.

By /s/ R. C. SHRADER  
Vice President

ATTEST:

/s/ (Signature Illegible)

/s/ (Signature Illegible)

[fol. 2323]

## SCHEDULE 1

### LOCATION HAVANA, CUBA

#### PART A

#### I. *Operations Services and Facilities*

##### 1. *Use of Airport*

- (a) Non-exclusive use to land and take-off runways; taxi strips
- (b) Airport lighting

##### 2. *Ramp Services*

- (a) Use of passenger and cargo loading ladders and steps
- (b) Loading and unloading of aircraft
- (c) Towing to and from ramp
- (d) Placing and removing aircraft safety locks

- (e) Use of battery cart, CO<sub>2</sub> cart and emergency fire equipment in connection with starting engines
  - (f) Physical dispatch from ramp including personnel necessary to issue appropriate instructions for starting engines and taxi away from ramp
  - (g) Personnel for refueling
  - (h) Routine aircraft inspection of carburetors, propellers, landing gear, wheels and tires, and control surfaces
  - (i) Check de-icer fluid
  - (j) Check fluid in hydraulic tank
  - (k) Clean cockpit windows
  - (l) Clean cabin windows and aircraft exterior as time permits
  - (m) Clean cabin interior as time permits
  - (n) Clean lavatories
  - (o) Check water in cabin
3. *Use of Terminal*
- (a) Non-exclusive use of lobby and rest rooms
  - (b) Non-exclusive use of customs, health, and immigration areas
  - (c) Porter and janitor service
4. *Aircraft Operations Dispatch*
- (a) Preparation of flight plan
  - (b) Weight and balance manifests
  - (c) Preparation of flight time analysis
  - (d) Briefing crew
  - (e) Computation of load
  - (f) Contact with air traffic control
  - (g) Terminal Weather Report

## PART B

### I. *Direct Charges*

#### 1. *Aircraft Fuel*

Price per gallon—current rate

2. Aircraft Maintenance and repair  
Skilled Labor

\$3.50 per man hour regular time

\$5.25 per man hour overtime

Materials—current price

3. Preparation and transmission of weather reports  
from stations not  
covered in agreement \$1.00 each.

4. Exclusive Terminal Space

Per square foot floor space

\$1.50 per annum

[fol. 2324]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 65

AMENDMENT NO. IV

This Amendatory Agreement, made this 20th day of July, 1950, between PAN AMERICAN WORLD AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York (hereinafter called "Pan American"), and BRANIFF AIRWAYS, INCORPORATED, a corporation organized and existing under the laws of the State of Oklahoma (hereinafter called "Braniff").

WITNESSETH THAT:

WHEREAS, Pan American and Braniff are parties to an Agreement dated the 27th day of April, 1948, as amended the 27th day of September, 1948, the 31st day of October, 1949, and the 1st day of December, 1949, (hereinafter called the "Principal Agreement"), providing for certain ground facilities and services to be furnished to Braniff by Pan American; and

WHEREAS, the parties desire to amend the Principal Agreement so as to include navigational and aerophare services at San Blas, Republic of Panama;

\* This charge to be made for major repair over and above services listed under Section 2, Part A.



NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties hereto agree that the Principal Agreement is hereby amended, effective as of July 1, 1950, as follows:

1. By changing the first sentence of Paragraph 1 to read as follows:

Attached hereto and made a part hereof, is a schedule relating to each location at which services are to be performed or facilities made available pursuant to this Agreement, setting forth the services so to be performed and the facilities so to be made available at such location, said schedules being designated SCHEDULE I (Havana) and SCHEDULE II (San Blas) respectively, and being hereinafter sometimes referred to collectively as "the SCHEDULES".

2. By changing the first sentence of Paragraph 3 to read as follows:

Braniff will pay Pan American for the services and facilities listed in Part A of the SCHEDULE I at the rate of [fol. 2325] \$115.00 per landing for each landing and for each extra section or non-scheduled landing made by Braniff at Rancho Boyeros Airport, in addition to a charge of \$4.00 per flight for the use of the San Blas aerophare under Part A of SCHEDULE II.

Except as herein modified, all terms and conditions of the Principal Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendatory Agreement to be executed in their names on their behalf by their respective officers thereunto duly authorized.

Approved  
as to form

/s/ (Signature Illegible)

PAN AMERICAN WORLD AIRWAYS, INC.

By /s/ (Signature Illegible)

ATTEST:

/s/ SARAH T. LANSFORD



BRANIFF AIRWAYS, INCORPORATED

By /s/ R. C. SHRADER  
Vice President

ATTEST:

/s/ (Signature Illegible)  
.....

[fol. 2326]

## SCHEDULE II

LOCATION ..... SAN BLAS

## PART A

## I. Navigational Aid (Aerophare)

[fol. 2327]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 66

## ASSIGNMENT

Assignment made this 30th day of April, 1952, and to be effective on and after the 16th day of May, 1952 by Pan American World Airways, Inc. (the corporate name of which was formerly Pan American Airways, Inc.,) hereinafter called the Assignor, to Aeropuertos Unidos, S. A., hereinafter called the Assignee.

For valuable consideration, receipt of which is hereby acknowledged, the Assignor hereby assigns to the Assignee, so much of the contract and any amendments thereto for ground services and use of ground facilities as relates to Rancho Boyeros Airport, Havana, Cuba, and as more particularly specified in the Agreement between the Assignor and Braniff Airways, Inc., dated the 27th day of April, 1948, subject to all the covenants and conditions therein mentioned, together with all the right, title and interest of the Assignor in and to the aforesaid agreement as the same relates to Rancho Boyeros Airport.

The Assignee hereby agrees to assume so much of the said contract as relates to ground services and use of ground facilities at Rancho Boyeros Airport for the duration thereof and to faithfully perform all the covenants, stipulations and agreements contained therein.

IN WITNESS WHEREOF, the parties hereto, have executed this Agreement this 30th day of April, 1952.

PAN AMERICAN WORLD AIRWAYS, INC.

By /s/ W. L. MORRISON

AEROPUERTOS UNIDOS, S. A.

By /s/ CARLOS N. PARRAGA

/s/ F. P. POWERS

/s/ J. A. SMITH

/s/ TERESITA SIERRA

/s/ MAGALY R. USATORRES

[fol. 2328]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 67

November 18, 1954

Mr. L. A. Person  
Traffic Manager  
Braniff Airways, Inc.  
Love Field  
Dallas 9, Texas

Dear Lou:

In connection with our conversations regarding the full party participation of Braniff Airways, Inc., in certain Pan American System tariffs, published by R. C. Lounsbury, Agent, I wish to confirm the proposition we have discussed. We understand that you are interested in participating in the Passenger Rules Tariff, PR-3, and the North and South America Passenger Fares Tariff, P-3, as well as receiving sets of these and others of our international tariffs for use in your offices. For this full party participation and for these tariffs for the year October 1, 1954 through September 30, 1955, this is to confirm our concurrence in the following fees:

- (1) For entry or withdrawal, the full cost of \$45.00 per page to revise pages, not otherwise changed for full parties, existent in the tariff, to include or delete Braniff

Airways, Inc., as the case may be; should other full parties entering or withdrawing from the tariff require changes on such pages, the \$45.00 per page cost will be divided equally between such full parties simultaneously entering or withdrawing.

- (2) A fee of \$400 for up to 150 sets of these tariffs, and revisions thereto, to be delivered to Braniff Airways, Inc. in Dallas, Texas. For each additional 20 sets of these tariffs, an additional annual fee of \$50 will be charged.
- (3) A fee of \$4,000 for the participation, publication of revisions and other attendant tariff printing costs involved in maintaining Braniff's participation in these tariffs.
- (4) In the event Braniff Airways, Inc. wishes to withdraw its participation either in full or in part from any tariffs covered by this agreement prior to October 1, 1955, Braniff will give Agent R. C. Lounsbury at least 120 days written notice (or any lesser number of days written notice mutually agreeable to both parties) of its intention.

[fol. 2329]

- (5) The amount in Items (1) and (2) above shall be payable within 30 days after the billing date which shall be as soon as practicable after the publication of the October 1, 1954 issues of these tariffs, and the fee mentioned in (3) above shall be divided in quarters and payable within 30 days after the billing date which shall be quarterly beginning on or about October 1, 1954, except that in the event of withdrawal pursuant to Paragraph (4) above the applicable fee shall be prorated according to the tariffs and the period of participation involved.

The above fees contemplate that Braniff will not require radical changes in these tariffs during the year period indicated and that Braniff will endeavor to permit revisions to be made once per month in conformance with the established publication deadlines of these tariffs. Should

it become necessary for Braniff to make emergency changes at any time, these changes will of course be made in Braniff's behalf at Braniff's direction. However, it is understood that either party to this agreement may request reopening of the agreement for reassessment of fees should such changes appear to be extensive.

As I have mentioned to you in our conversations, we here in the tariff's office and management of Pan American will be very pleased to have Braniff Airways, Inc. participating as a full party in our tariffs.

If you are in agreement with the understanding outlined above, please sign and return the attached copy of this letter to me.

PAN AMERICAN WORLD AIRWAYS, INC.

.....  
System Supt. of Tariffs & Schedules

FOR BRANIFF AIRWAYS, INC.  
.....

[fol. 2330]

Supplement to Tariff Publication Agreement  
of November 18, 1954

The Tariff Publication Agreement of November 18, 1954, between Braniff International Airways, Inc., and Pan American World Airways, Inc., is hereby extended for an indefinite period, subject to the right of either party to cancel upon written notice given to the other party at least 120 days (or any lesser number of days agreeable to both parties) prior to the effective date of such cancellation. The fees payable by Braniff to Pan American shall be at the same rate as set forth in said agreement.

PAN AMERICAN WORLD AIRWAYS, INC.

.....  
System Supt. of Tariffs and Schedules

Date: .....

BRANIFF INTERNATIONAL AIRWAYS, INC.

.....  
Traffic Manager

Date .....

[fol. 2331]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 68

### AMENDMENT NO. V.

This Amendatory Agreement, made this 20th day of June, 1957, between PAN AMERICAN WORLD AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York (hereinafter called "Pan American"), and BRANIFF AIRWAYS, INCORPORATED, a corporation organized and existing under the laws of the State of Oklahoma (hereinafter called "Braniff"),

#### WITNESSETH THAT:

WHEREAS, Pan American and Braniff are parties to an Agreement dated the 27th day of April, 1948, as amended the 27th day of September, 1948, the 31st day of October, 7th

1949, the 1st day of December, 1949, and the 20th day of July, 1950, (hereinafter called the "Principal Agreement"), providing for certain ground facilities and services to be furnished to Braniff by Pan American; and

WHEREAS, the parties desire to amend the Principal Agreement so as to provide for an increase in the aerophare service rate at San Blas, Republic of Panama;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties hereto agree that the Principal Agreement is hereby amended, effective as of July 1, 1957, as follows:

1. By changing the last phrase of Paragraph 2 of Amendment No. IV from "in addition to a charge of \$4.00 per flight for the use of the San Blas aerophare under Part A of SCHEDULE II", to "in addition to a charge of \$5.00 per flight for the use of the San Blas aerophare under Part A of SCHEDULE II".

Except as herein modified, all terms and conditions of the Principal Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendatory Agreement to be executed in their names on their behalf by their respective officers thereunto duly authorized.

Approved  
as to form

/s/ (Signature Illegible)

PAN AMERICAN WORLD AIRWAYS, INC.

By /s/ W. L. MORRISON  
Executive Vice President  
Latin American Division

ATTEST:

/s/ JOHN W. QUENTIN

/s/ (Signature Illegible)

BRANIFF AIRWAYS, INCORPORATED

By /s/ (Signature Illegible)  
Executive Vice President

ATTEST:

/s/ (Signature Illegible)  
Assistant Secretary

[fol. 2332]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 69

### AMENDMENT NO. VI

This Amendatory Agreement, made this 21st day of October, 1957, between PAN AMERICAN WORLD AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York (hereinafter called "Pan American"), and BRANIFF AIRWAYS, INCORPORATED, a corporation organized and existing under the laws of the State of Oklahoma (hereinafter called "Braniff").

## WITNESSETH THAT:

WHEREAS, Pan American and Braniff are parties to an Agreement dated the 27th day of April, 1948, as amended the 27th day of September, 1948, the 31st day of October, 1949, the 7th day of December, 1949, the 20th day of July, 1950, and the 20th day of June, 1957, (hereinafter called the "Principal Agreement"), providing for certain ground facilities and services to be furnished to Braniff by Pan American; and

WHEREAS, the parties desire to amend the Principal Agreement so as to provide for an increase in the aerophare service rate at San Blas, Republic of Panama;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein set forth, the parties hereto agree that the Principal Agreement is hereby amended, effective as of October 1st, 1957, as follows:

1. By changing the last phrase of Paragraph 2 of Amendment No. V from "in addition to a charge of \$5.00 per flight for the use of the San Blas aerophare under Part A of SCHEDULE II", to "in addition to a charge of \$526.00 per month for the use of the San Blas Aerophare under Part A of SCHEDULE II".

Except as herein modified, all terms and conditions of the Principal Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendatory Agreement to be executed in their names on their behalf by their respective officers thereunto duly authorized.

Approved  
as to form

PAN AMERICAN WORLD AIRWAYS, INC.

By /s/ W. L. MORRISON  
Executive Vice President  
Latin American Division

ATTEST:



BRANIFF AIRWAYS, INCORPORATED

By .....  
Executive Vice President

ATTEST:

.....  
Assistant Secretary  
.....

[fol. 2333] I, AMOS HIATT, hereby certify that I am Assistant Comptroller of Pan American Airways, Inc.; that the original executed copy of the Agreement, related letter agreement and amendment referred to below are in my custody; that the attached documents are full, true and correct copies of the originals:

Joint Facilities Agreement, dated January 1, 1944, between Pan American Airways, Inc. and Panair do Brasil; related letter Agreement dated November 1, 1943 and accepted November 16, 1943, which supersedes the existing agreements between the two companies covering joint facilities. Those replace the agreement dated September 1, 1943 and accepted by Panair do Brasil on September 27, 1943. Also, amendment dated January 17, 1944, amending Joint Facilities Agreement.

/s/ AMOS HIATT  
Assistant Comptroller

7



[fol. 2334]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 70

PAN AMERICAN AIRWAYS, INC.  
Chrysler Building, New York CityRIO DE JANEIRO  
November 1, 1943.Panair do Brasil, S.A.  
Rio de Janeiro  
Brasil.

Dear Sirs:

Enclosed herewith are two execution copies of a proposed contract covering use of joint facilities and certain other matters. This contract has been executed by us and is intended to supersede the existing arrangements between us which cover the same general subject matter. If you find the contract in order, will you please execute it and return one executed copy for our files.

The enclosed contract is to become effective as of January 1, 1944 and the existing arrangements will continue in effect until that date, but it is understood that payments in respect of return on investment under said arrangements will, for the year 1943, be calculated on the average net book value of the properties in question rather than on the original cost and also that, commencing when the enclosed contract becomes effective, you will be charged with our depreciation and insurance expense on the buildings and installations owned by us at Santos Dumont airport. Our share of such expense will be determined pursuant to the enclosed contract except that the payments provided for in the last clause of the second paragraph of the letter agreement accompanying the Agency Agreement between us to become effective on January 1, 1944 will cover rental for the space in said buildings used exclusively by us.

It is further understood that you will continue to own and to carry for us such inventories consisting of spare parts, materials and supplies, including gasoline and oil, as may be turned over to you by us or acquired by you at our request for the purpose. In order to enable you to

carry such inventories without additional financial burden on you, it is understood that you will have a credit of \$300,000 in the open account existing between us, on which no interest will be charged. The amount of such credit will be reviewed at such times as either of us may request, in order to insure that it approximates the cost to you of the inventories carried by you for us. It is further understood that, commencing as of January 1, 1944, any remaining balance in the open account between us, either in our [fol. 2335] favor or in your favor, after taking into consideration said interest free credit in your favor, shall bear interest at the rate of 4% per annum, such interest to be calculated on the balances shown on your books at the end of each calendar month. For this purpose any advances made to you pursuant to Paragraph 6 of Article II of the enclosed contract shall not be considered as being in the open account.

In order to enable you to carry out the enclosed contract and to carry on your other business, we agree to use our best efforts to engage for you such qualified American technical personnel as you may request. While we will use our best efforts to provide personnel who are properly trained and qualified, it is understood that we shall have no responsibility for their training or qualifications or for any action that they may take or fail to take while in your service. If you so request, such personnel, shall be carried on our payrolls, and in such event they shall continue to be our employees for all purposes, except that (i) they shall be under your control, (ii) you will be charged with their salary expense and all related items of expense including cost of transfer to Brasil and return and (iii) you shall be solely responsible to third parties for any action taken by them. You will also release us from all claims by you and indemnify us and hold us harmless from all claims by third parties arising out of any action taken by such personnel during the period they are in your service.

It is further understood that you will use your best efforts to provide, maintain and operate any special facilities not covered by the enclosed contract, such as the Natal Staff House, which we may request for our use from time

to time. Unless otherwise mutually agreed, the cost of providing, maintaining and operating any such facilities (including any remaining rentals payable under leases contracted in connection therewith and any winding up expense) will be for our account and we will indemnify you and hold you harmless from all claims in connection with the providing, maintaining and operating of such facilities.

During recent years we have reimbursed you for the cost of constructing and providing certain airports, seaplane bases and facilities in Brasil which have been constructed or provided at our request. Without in any way modifying the terms of the enclosed contract, it is expected that we will continue to reimburse you for certain capital expenses of this character until the present program of airport development is completed. It is further understood that in the event any airport, seaplane base or facility for the cost of which we shall have reimbursed you, shall be taken over by the Brazilian Government and as a result thereof you shall receive any payment pursuant to Article 4 of Decree-Law No. 3462, dated July 25, 1941, or otherwise, you [Vol. 2336] will forthwith pay us an amount equal to such payment, after deducting any expenses incurred or damages suffered by you, in connection with the taking of such airport, seaplane base or facility.

It is further understood that all arrangements between us for operation of air transport services, made in connection with the sale to you of five Lockheed Lodestar aircraft during the latter part of 1941, and all rights and liabilities in connection therewith, are terminated except that the aircraft, spare engines and parts sold to you will be retained by you and the purchase price will continue to be carried in the open account between us. As we have previously advised you, we no longer request the operation of any of the services operated pursuant to those arrangements except to the extent that they are covered by the enclosed contract.

The arrangements herein set forth may be terminated at any time by either of us on sixty days' written notice to the other, except that your obligation to make payments to us pursuant to the sixth paragraph of this letter cannot

be terminated without our consent and provided that any termination shall not affect any rights or obligations theretofore accrued hereunder.

If the foregoing correctly states our understanding concerning the matters mentioned above, will you kindly sign and return to us the enclosed copy of this letter, which will thereupon constitute the agreement between us with reference thereto.

Very truly yours,

PAN AMERICAN AIRWAYS, INC.

By /s/ GEO. L. RUEL  
Vice-President

ACCEPTED:

November 16, 1943.

PANAIR DO BRASIL, S.A.

By /s/ PAULO SAMPAIO  
President

[Vol. 2337]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 71

February 18, 1944

I, AMOS HATT, hereby certify that I am Assistant Comptroller of Pan American Airways, Inc.; that the original executed copy of the Agreement referred to below is in my custody; that the attached document is a full, true and correct copy of the original of such Agreement:

Agency Agreement, dated January 1, 1944, between Pan American Airways, Inc. and Panair do Brasil. This agreement supersedes the agreement between the two companies dated October 30, 1935; also letter agreement, dated November 1, 1943, and accepted by Panair do Brasil on November 16, 1943.

Assistant Comptroller

[fol. 2338] **THIS AGREEMENT**, made as of January 1, 1944, between **PAN AMERICAN AIRWAYS, INC.**, a corporation organized and existing under the laws of the State of New York, hereinafter referred to as "**Pan American**", and **PANAIR DO BRASIL, S.A.**, a corporation organized and existing under the laws of Brasil, hereinafter referred to as "**PANAIR**".

**WITNESSETH**, that

**WHEREAS**, Pan American and Panair have for a number of years had arrangements, under which **PANAIR** is acting as General Traffic Agent in Brasil for Pan American and its affiliated companies, and Pan American and its affiliated companies are acting as General Traffic Agent outside of Brasil for Panair; and

**WHEREAS**, Pan American and Panair desire that such relationship continue but that the existing arrangements be replaced by a formal agreement;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, Pan American and Panair hereby agree as follows:

1. Pan American hereby appoints Panair, and Panair agrees to act, as General Traffic Agent in Brasil for Pan American and its affiliated carriers. As such General Traffic Agent, Panair agrees that it will perform such services as may be appropriate to promote passenger, mail and express traffic over the lines of Pan American and its affiliated carriers and to assist in making arrangements for travelling or shipping over such lines, including

(a) Solicitation of passenger, mail and air express business with Brasil for Pan American and its affiliated carriers;

[fol. 2339] (b) Checking baggage of outgoing passengers, delivering baggage to incoming passengers, collecting any excess baggage charges payable in respect of such baggage, in accordance with the tariffs, rates, rules and regulations of Pan American, collecting and forwarding by carriers with which Pan Ameri-

can or PANAIR has forwarding arrangements, any trunks or other heavy baggage delivered to PANAIR for the purpose by Pan American or by passengers travelling, or proposing to travel, over such lines, and collecting any charges payable therefor, in accordance with the tariffs, rates, rules and regulations of Pan American;

(c) Collecting outgoing and delivering incoming express carried or to be carried over such lines, collecting and forwarding by carriers with which Pan American or PANAIR has forwarding arrangements, any express delivered to PANAIR for the purpose by Pan American, and collecting any charges payable therefor, in accordance with the tariffs, rates, rules and regulations of Pan American;

(d) Making arrangements on behalf of such passengers for transportation to and from airport terminals and for hotel accommodations at points of call of Pan American and at other cities, in accordance with the tariffs, rates, rules and regulations of Pan American;

(e) Furnishing such catering services and other passenger service as Pan American may request in accordance with its air transport services in Brasil;

(f) Making reservations for transportation by Pan American its affiliated carriers and connecting carriers;

(g) Furnishing such advice and information as Pan American may from time to time request with respect to clearance, customs and immigration procedure at points in Brasil;

(h) Making arrangements for such advertising and publicity as Pan American may from time to time request;

(i) Maintaining a centrally located traffic and sales office in Rio de Janeiro in addition to such other offices as PANAIR may from time to time maintain, which



traffic and sales office in Rio de Janeiro shall be, unless Pan American shall otherwise agree, at least as large and of the same general appearance as the office now being maintained by PANAIR at Graca Aranha and Almirante Barroso Avenues in Rio de Janeiro.

PANAIR agrees to designate as its agents for the purpose of this agreement all of its authorized traffic agents in [fol. 2340] Brasil and to appoint such additional agents as Pan American may from time to time request, all in accordance with, and upon such terms and conditions as shall be set forth in, the instructions (including published agency rules, regulations, policies and practices) given by Pan American.

2. Pan American and its affiliated carriers hereby authorize PANAIR to issue (a) tickets, or exchange orders exchangeable for tickets, for transportation of passengers and (b) airwaybills or other appropriate form of contract for transportation of express, over the lines of Pan American and of its affiliated carriers and to execute and issue all other documents necessary or appropriate for such transportation, all in the form, and subject to and in accordance with the tariffs, rates, rules and regulations, prescribed from time to time by Pan American or its affiliated carriers, as the case may be, and furnished to PANAIR, it being understood that no such ticket, exchange order, airwaybill or contract will be issued unless PANAIR shall have received payment of the total charges therefor specified in such tariffs, rates, rules and regulations, or shall have made arrangements satisfactory to Pan American for the collection of such charges, and that PANAIR will not grant, or permit any agent or broker to grant, any rebate or discount on any such charges except in accordance with such tariffs, rates, rules and regulations. Pan American agrees to accept or to cause the appropriate affiliated carriers to accept each ticket, exchange order, airwaybill, or contract so issued by PANAIR. In issuing tickets, exchange orders, airwaybills and contracts for transportation over the lines of Pan American or its affiliated carriers, PANAIR shall be deemed to act only as agent of Pan



American, or its affiliated carrier, as the case may be. [fol. 2341] PANAIR shall not be liable, and Pan American agrees to indemnify PANAIR and hold it harmless from and against all claims, for any loss, damage, injury or delay of any nature whatsoever which shall occur in connection with the carrying out or failure to carry out any obligation to third parties arising by reason of action taken by PANAIR pursuant to this Agreement unless such loss, damage, injury or delay shall be caused by the negligence or wilful misconduct of PANAIR.

3. Pan American hereby agrees to pay or reimburse to PANAIR the following amounts:

(a) A commission equal to 10 per cent of the total amount of the fares for passenger transportation over the lines of Pan American and of its affiliated carriers, including charges for excess baggage, collected by PANAIR either directly or through agents, on behalf of Pan American or any of its affiliated carriers;

(b) A commission equal to 10 per cent of the total amount of the charges (not including valuation charges) for air express transportation over the lines of Pan American and of its affiliated carriers, collected by PANAIR, either directly or through agents, on behalf of Pan American or any of its affiliated carriers;

(c) An amount for each month which shall bear the same ratio to PANAIR'S expenses for such month at each airport where catering service or other passenger service is rendered to Pan American during such month, recorded in Account 663, as the number of scheduled landings during such month at such airport by passenger aircraft of Pan American multiplied by the standards gross weight thereof bears to the number of scheduled landings during such month at such airport by all aircraft receiving such services from PANAIR, multiplied by the standard gross weight thereof; plus an amount which shall bear the same ratio to PANAIR'S expenses for such month recorded in Accounts 651, 661, 664, 665, 666, 667, 668, 670, 671, 672, 673, 685 and 686 as the portion of PANAIR'S

expenses for such month recorded in Account 663 payable by Pan American hereunder bears to PANAIR'S expenses for such month recorded in Accounts 651, 660, 661, and 663; plus an amount equal to all of PANAIR'S expenses recorded in accounts 682, 687, 688, 690, 691 and 692 which are incurred solely and directly in connection with services or supplies furnished to Pan American;

[fol. 2342] (d) An amount equal to 25% of PANAIR'S expenses recorded in Accounts 751 and 752 plus an amount equal to 25% of PANAIR'S expenses recorded in Accounts 773, 785 and 786 which are related to PANAIR'S expenses recorded in Accounts 751 and 752;

(e) One half of the cost, exclusive of salaries, but including rental, maintenance and all general running expenses, of maintaining the traffic and sales offices maintained by PANAIR in Rio de Janeiro in accordance with paragraph 1 (i) hereof;

(f) Any out-of-pocket expenses specifically requested and approved by Pan American and incurred by PANAIR in carrying out special services (including making arrangements for advertising or publicity) requested by Pan American under this agreement.

4. PANAIR agrees to cooperate with Pan American in the operation of Pan American's international mail, passenger and express air service and that, so long as this agreement shall remain in force and effect, it will use its best efforts generally to aid and assist Pan American in the establishment and operation of such international service through Brasil, and will not, without Pan American's consent, itself or through any affiliated company or through agents retained or employed on other than the customary flat commission basis, act as agent for, or solicit or sell transportation services of, any transport company or organization operating an air transport line in competition with the lines from time to time operated by Pan American. PANAIR further agrees that it will use its best efforts to cause all persons coming to its line or lines and desiring

transportation by air to a point reached by Pan American's international services to be routed over the route or routes operated by Pan American.

5. PANAIR hereby appoints Pan American, and Pan American agrees to act, as General Traffic Agent outside Brasil for PANAIR. PANAIR hereby authorizes Pan American and its subsidiaries and affiliated carriers to issue (a) tickets, or exchange order exchangeable for tickets, for transportation of passengers, and (b) airwaybills or other appropriate forms of contract for transportation of [fol. 2343] express, over the lines of PANAIR and to execute and issue all other documents necessary or appropriate for such transportation, all in the form, and subject to and in accordance with the tariffs, rates, rules and regulations, prescribed from time to time by PANAIR, it being understood that no such ticket, exchange order, airwaybill, or contract will be issued unless Pan American or one of its subsidiaries or affiliated carriers and shall have received payment of the total charges therefor or shall have made arrangements satisfactory to PANAIR for the collection of such charges. PANAIR agrees to accept each ticket, exchange order, airwaybill or contract so issued by Pan American or one of its subsidiaries or affiliated carriers in issuing tickets, exchange orders, airwaybills or contracts for transportation over the lines of PANAIR. Pan American and its subsidiaries and affiliated carriers shall be deemed to act only as agent for PANAIR. Neither Pan American nor any of its subsidiaries or affiliated carriers shall be liable, and PANAIR agrees to indemnify and hold harmless Pan American, its subsidiaries and affiliated carriers from and against all claims, for any loss, damage, injury or delay of any nature whatsoever which shall occur in connection with the carrying out or failure to carry out any obligation to third parties, arising by reason of action taken by Pan American or any of its subsidiaries or affiliated carriers pursuant to this agreement, unless such loss, damage, injury or delay shall be caused by the negligence or wilful misconduct of Pan American or one of its subsidiaries or affiliated carriers.

6. PANAIR hereby agrees to pay Pan American the following amounts:

(a) A commission equal to 10 percent of the total amount of the fares for passenger transportation over the lines of PANAIR, including charges for excess baggage, collected, either directly or through agents, by Pan American or one of its subsidiaries or affiliated carriers on behalf of PANAIR.

(b) A commission equal to 10 per cent of the total amount of the charges (not including valuation charges) for air express transportation over the lines of PANAIR, collected, either directly or through agents, by Pan American or one of its subsidiaries or affiliated carriers on behalf of Panair.

7. Nothing herein contained shall be deemed to require PANAIR, Pan American or any of its affiliated carriers to initiate or maintain service between any particular points.

8. All amounts payable hereunder, including all amount [fol. 2344] collected on behalf of either party for transportation sold, shall be paid by crediting PANAIR or Pan American, as the case may be, in open account, the amounts payable in respect of each month to be so credited as soon after the end of such month as is practicable.

9. As used in this agreement, the term "affiliated carriers" shall include (a) all companies engaged in the transportation of passengers, mail or cargo, by air, for hire, the majority of the outstanding capital stock of which shall be owned by Pan American or by any company which owns the majority of the outstanding capital stock of Pan American or of which Pan American owns a majority of the outstanding capital stock, and (b) any other company engaged in such transportation which Pan American may designate by notice in writing to PANAIR.

10. This agreement shall become effective on January 1, 1944. It shall continue in effect until December 31, 1948, and thereafter until terminated by either party at any time after December 31, 1948 upon notice in writing given by either party to the other not less than 60 days in advance of the date of such termination. In the event that there shall be any change in the ownership of capital stock of PANAIR

as such ownership exists at the date hereof, Pan American may at any time thereafter, at its election, terminate this agreement by notice in writing given to Panair at least 30 days in advance of the date of such termination.

IN WITNESS WHEREOF, Pan American and PANAIR have caused this agreement to be executed in their corporate [fol. 2345] names by their respective officers thereunto duly authorized.

PAN AMERICAN AIRWAYS, INC.

By /s/ GEO. L. Rühl  
Vice President

WITNESSES

/s/ JOHN C. PIRIE

/s/ CONRAD M. KENNEDY

PANAIR DO BRASIL, S.A.

By /s/ PAULO SAMPAIO  
President

WITNESSES

/s/ (signature illegible)

/s/ MARTHE DO PONTO

[fol. 2346]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 72

BEFORE THE

CIVIL AERONAUTICS BOARD

LETTER AGREEMENT, DATED JUNE 22, 1944, BETWEEN PAN AMERICAN AIRWAYS, INC. AND PANAIR DO BRASIL PROVIDING FOR CERTAIN ADDITIONAL SERVICES TO BE RENDERED BY PAN AMERICAN TO PANAIR DO BRASIL IN PARAGUAY. THIS AGREEMENT SUPPLEMENTS THE AGENCY

AGREEMENT OF JANUARY 1, 1944 BETWEEN PAN  
AMERICAN AIRWAYS, INC. AND PANAIR DO  
BRASIL. FILED HERewith UNDER SECTION 412  
OF THE CIVIL AERONAUTICS ACT OF 1938, AS  
AMENDED.

Communications with respect to this subject  
should be sent to:

JOHN C. COOPER,

*Vice-President and Assistant to the President,*  
Pan American Airways, Inc.  
135 East 42nd Street,  
New York 17, N. Y.

[fol. 2347] I, AMOS HIATT, hereby certify that I am As-  
sistant Comptroller of Pan American Airways, Inc; that  
the original executed copy of the letter agreement referred  
to below is in my custody; that the attached document is  
a full, true and correct copy of the original.

Letter Agreement, dated June 22, 1944, between Pan  
American Airways, Inc. and Panair do Brasil, S.A.  
providing for certain additional services to be ren-  
dered by Pan American to Panair do Brasil in Para-  
guay. Accepted by Panair do Brasil, June 28, 1944.

/s/ AMOS HIATT  
Assistant Comptroller

November 6, 1944 \*



[fol. 2348]

June 22nd, 1944

Panair do Brasil, S.A.  
Edificio City Bank, 11.  
Avenida Rio Branco, 85  
Rio de Janeiro

Dear Sirs:

The Agency Agreement between Pan American Airways, Inc., and Panair Do Brasil, S.A. dated January 1, 1944, together with our letter understanding of November 8, 1943, provides that Panair do Brasil shall be the General Traffic Agent for Pan American in Brasil and also that Panair shall clear our aircraft and represent Pan American in negotiations with the Government of Brasil, as and when requested. The Agency Agreement also appoints Pan American Airways to be the General Traffic Agent of Panair Do Brasil, outside of Brasil, and provides as compensation therefor commissions on passenger fares, excess baggage, and express charges collected by Pan American for transportation over the lines of Panair. These understandings did not reduce to writing the understanding which has been in effect for the past several years between the two Companies, in respect of additional services which Pan American Airways, Inc. has been rendering to Panair do Brasil, in connection with Panair's services to and from Asuncion, Paraguay. It is the purpose of this letter to confirm the existing understanding, which we consider to be as follows:

I In addition to acting as General Traffic Agent for Panair do Brasil, in Paraguay under the terms of the Agency Agreement dated January 1, 1944, Pan American Airways, Inc. will continue to render the following services, (now being performed) for Panair, at Asuncion, Paraguay:

- A. As and when requested by Panair, Pan American will cause its Paraguayan agent or agents to represent Panair in negotiations and transactions with the Government of Paraguay.
- B. Pan American will perform such acts and execute such documents as may be required for the clearance



at Asuncion, Paraguay of aircraft of Panair, and the passengers, crews, and cargo carried thereon, such clearance to include the providing of the personnel required to effect such clearance and the making of arrangements for the presence of such government officials as may be required in connection therewith.

- C. The radio and weather facilities and personnel of Pan American at Asuncion shall be available to serve Panair do Brasil's needs as it may require in connection with its operations in Paraguay.
- D. To the extent of the availability of its facilities, supplies, and personnel, Pan American shall perform such maintenance, mechanical, refueling, inspecting and other services as may be requested by Panair do Brasil, for the aircraft at Asuncion.
- E. Pan American shall receive, and provide transportation for, passengers, baggage, express, mail, and other [fol. 2349] cargo of Panair to and from the airport, and Pan American's airport facilities shall be fully available to Panair passengers and crews.

II Panair shall compensate Pan American for performing the above items of service as follows:

- A. Panair shall pay Pan American each month an amount which shall bear the same ratio to Pan American's total expense in operating and maintaining Asuncion airport and the equipment, structures, and facilities there, or used in connection therewith, as the number of scheduled landings by aircraft of Panair during such month multiplied by the standard gross weight thereof, shall bear to the total number of scheduled landings of aircraft of Pan American and Panair at the airport multiplied by the standard gross weight thereof.

1—It is recognized that due to the activities of the Airport Development Program of Pan American at the Asuncion Airport there are and will be extraordinary airport maintenance expense on the runways,

grounds and other facilities. Accordingly Panair shall share only the ordinary or normal maintenance expense borne by Pan American, a formula for the establishment of which will be reached by mutual agreement between Panair and Pan American, when experience and development of plans for the maintenance enable such determination.

- B. Panair shall pay to Pan American the full cost of all labor, material, and supplies expended by Pan American in maintaining and servicing aircraft of Panair at Asuncion plus the applicable burden expense.
- C. Panair shall pay Pan American its out of pocket expenses incurred on behalf of Panair do Brasil in the clearance of Panair aircraft and the passengers, crews and cargo thereon, in the transportation of crews, passengers and cargo from the airport, in representing Panair in any negotiations with the Government, in the defense or settlement of any claims of litigation affecting Panair, and in performing any other special service for Panair in connection with its operations and business in Paraguay.
- D. Panair shall pay Pan American a commission of 5% on all air mail revenue received by Panair (or by Pan American for Panair's account) from the Paraguayan Post Office. (This extraordinary commission is that which is and has been paid to Pan American's Agent in Asuncion, on Paraguayan air mail revenue of both Pan American and Panair, respectively.)

III It is understood and agreed that Pan American's duty to perform any of the foregoing obligations is subject to Pan American's ability to do so under all laws, rules and regulations, of any governmental authority. In performing any such obligations, Pan American harmless from any and all loss, claim or liability, arising out of the performance or non-performance of its duties to Panair hereunder except as the same may arise due to the failure of an official of Pan American to exercise due care in the selection of the employees or agents whose acts or omissions gave rise to such loss, claim or liability.

IV This understanding may be terminated by either party by giving to the other party 60 days written notice.

[fol. 2350] If the foregoing correctly states our understanding please evidence your approval by signing the enclosed copy of this letter and returning it to us.

Yours faithfully

PAN AMERICAN AIRWAYS, INC.

/s/ GEO. L. RIHL

Original signed Geo. L. Rihl

Geo. L. Rihl

Vice President

Accepted this 28 day of June, 1944

PANAIR DO BRASIL, S.A.

by /s/ PAULO SAMPAIO

Paulo Sampaio

President

(Initials illegible)

[fol. 2351]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 73

(Emblem)

### PAN AMERICAN WORLD AIRWAYS SYSTEM

CHRYSLER BUILDING, 135 EAST 42ND STREET, NEW YORK 17, N. Y.  
EXECUTIVE OFFICES

December 12, 1946

Panair do Brasil, S.A.

Rio de Janeiro, Brasil

Dear Sirs:

Referring to the recent correspondence and discussions between representatives of our two companies concerning revision of the amount paid to you by us for providing personnel and office accommodations for us in Brasil, pursuant to the letter agreement which accompanied the General Agency Agreement between us dated as of January 1, 1944, this letter, when accepted by you, will constitute the agreement between us that the figure "\$800.00" appearing

in clause (c) of the second full paragraph of said letter agreement is changed to "Cr\$60,000", effective as of August 1, 1946.

Very truly yours,

PAN AMERICAN AIRWAYS, INC.

By /s/ HOWARD B. DEAN  
Vice President

ACCEPTED: December 30, 1946.

PANAIR DO BRASIL, S.A.

By /s/ PAULO SAMPAIO  
President

[Stamp: Panair do Brasil, S.A. Recebido 19 Dez 1946  
Presidente - Rio de Janeiro]

[fol. 2352]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 74

### CONFIRMED COPY

January 1, 1947

Panair do Brasil, S.A.  
Rio de Janeiro, Brasil

Dear Sirs:

This letter, when accepted by you, will constitute the agreement between us amending the General Agency Agreement between us dated as of January 1, 1944, so as to give effect to the new System of Accounts installed by you as of January 1, 1947.

It is understood and agreed that subparagraphs (c) and (d) of paragraph 3 of said General Agency Agreement are amended as of January 1, 1947 to read as follows:

"(c) An amount for each month which shall bear the same ratio to Panair's expenses for such month at each airport where catering service of other passenger service is rendered to Pan American during such month, recorded in Account 6335, as the number of scheduled landings during such month at such airport

by passenger aircraft of Pan American multiplied by the standard gross weight thereof bears to the number of scheduled landings during such month at such airport by all aircraft receiving such services from Panair, multiplied by the standard gross weight thereof; plus an amount which shall bear the same ratio to Panair's expenses for such month recorded in Accounts 6321, 6322, 6329, 6335 (other than expenses in said Account referred to in the preceding clause), 6336, 6337, 6338, 6343 (freight, express and parcel post, only), 6344, 6350, 6353 (supplies for motorized vehicles, only) and 6367, as the portion of Panair's expenses for such month recorded in Account 6335 payable by Pan American pursuant to the first clause of this subparagraph (c) bears to Panair's expenses for such month recorded in Accounts 6321, 6322, 6324, 6328, 6329 and 6335; plus an amount equal to all of Panair's expenses recorded in Accounts 6343 (motor vehicle expense, only), 6351, 6352, 6363 and 6367 which are incurred solely and directly in connection with services and supplies furnished to Pan American;

[fol. 2353] "(d) An amount equal to 25% of Panair's expenses recorded in Accounts 6521 and 6522."

If the foregoing correctly stated our understanding, will you kindly sign and return to us the enclosed copy of this letter.

Very truly yours,

PAN AMERICAN AIRWAYS, INC.

By /s/ E. BALLUDER

ACCEPTED: October 21, 1947

PANAIR DO BRASIL, S.A.

By /s/ PAULO SAMPAIO  
President

bcc: Comptroller

Vice President-LAD, Miami

Ass't. General Counsel

Div. Accountant-LAD, Miami

Treasurer-Panair do Brasil, Rio

[fol. 2354]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 75

(Emblem)

PANAIR DO BRASIL, S. A.

EDIFICIO CITY—W. RIO BRANCO 85—RIO DE JANEIRO

CABINETE DE  
PRESIDENTE

January 6, 1947

## AMENDMENT No. 2

Pan American Airways, Inc.  
NEW YORK—U. S. A.

Dear Sirs:

Referring to the recent correspondence and discussions between representatives of our two companies concerning revision of the amount paid to us by you for providing personnel and office accommodations for you in Brasil, pursuant to the letter agreement which accompanied the General Agency Agreement between us dated as of January 1, 1944, this letter, when accepted by you, will constitute the agreement between us that the figure Cr\$60,000.00, appearing in clause (c), of second full paragraph of said letter agreement as amended by letter agreement dated December 12, 1946, is changed to Cr\$63,500.00, effective as of December 1, 1946.

Very truly yours,

PANAIR DO BRASIL, S. A.

By /s/ PAULO SAMPAIO  
President

Accepted: Jan 13 1947

PAN AMERICAN AIRWAYS, INC.

By /s/ HOWARD B. DEAN  
Vice President

[fol. 2355]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 76

I, Joseph J. Cantwell, hereby certify that I am Assistant Secretary of Pan American World Airways, Inc.; that the attached document (s) is (are) a true and complete copy (s) of the document (s) evidencing the following agreement:

Letter Agreement, dated February 19, 1952, and accepted on May 14, 1952, between Pan American World Airways, Inc. and Panair do Brasil, S. A., amending the General Agency Agreement between the parties dated May 1, 1947 so as to provide for a change in the commission rates (CAB No. (illegible)).

/s/ JOSEPH J. CANTWELL  
Assistant Secretary

Dated: June 18, 1952

[fol. 2356]

CONFORMED COPY

(Letterhead of)

PAN AMERICAN WORLD AIRWAYS SYSTEM

C  
O  
P  
Y

February 19, 1952

Panair do Brasil, S. A.  
Avenida Rio Branco, 85-10  
Rio de Janeiro, Brazil

Gentlemen:

This letter, when accepted by you, will constitute our agreement to amend the General Agency Agreement, dated as of May 1, 1947, between us, so as to change the words and figure "10 per cent", appearing in clause (i) of Paragraph 4(b) and in clause (i) of Paragraph 8(b) thereof, to "7½ per cent", as of xxxxxxxxxxxxxx June 1st, 1962.



If the foregoing correctly states our understanding, will you kindly sign and return to us the enclosed copy of this letter.

Very truly yours,

PAN AMERICAN WORLD AIRWAYS, INC.

/s/ WILLIS G. LIPSCOMB

Willis G. Lipscomb

ACCEPTED: May 14th, 1952

PANAIR DO BRASIL, S. A.

By: /s/ PAULO SAMPAIO  
President

[fol. 2357]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 77.

### GENERAL TRAFFIC AND SALES AGENCY AGREEMENT

This AGREEMENT, made as of January 1, 1955. Between PAN AMERICAN WORLD AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York, hereinafter referred to as "Pan American", and PANAIR DO BRASIL, S.A., a corporation organized and existing under the laws of Brazil, hereinafter referred to as the "Company".

#### WITNESSETH THAT:

WHEREAS, Pan American operates an extensive system of international air transportation services, which services extend to and through Brazil and Latin America, to and through Europe, Africa and the Middle East, and to and from the United States of America; and

WHEREAS, the Company operates air transportation services in Brazil, and between Brazil and Argentina, Peru, Chile, Europe, Africa and the Middle East; and

WHEREAS, Pan American and the Company are parties to an agreement dated as of May 1, 1947 under which the

Company acts as General Traffic and Sales Agent in Brazil for Pan American and its affiliated carriers, and Pan American and its affiliated carriers act as General Traffic and Sales Agent outside Brazil for the Company; and

WHEREAS, the parties desire to terminate said Agreement, and to enter into a new agreement upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereby agree as follows:

1. Pan American and the Company agree to accept as general basis for their reciprocal relations for the sale and/or handling of passenger, express and cargo transportation over their respective lines, the conditions and stipulations contained in the INTERNATIONAL AIR TRANSPORT ASSOCIATION (IATA) INTERLINE TRAFFIC, BAGGAGE AND CARGO HANDLING [fol. 2358] AGREEMENT (hereinafter sometimes referred to as the "IATA Agreements"), except as otherwise specifically and mutually agreed upon herein. Pan American and the Company have heretofore become parties to the IATA Agreements by making written application to, and depositing executed counterparts of said IATA Agreements with, the Secretary of the Traffic Committee of IATA, but neither party has concurred in the participation with the other as a party to said IATA Agreements. Prior to April 15, 1955, the Company shall submit to the Traffic Director of IATA in writing, its concurrence in the participation with Pan American and its affiliated carriers as a party to the IATA Agreements, and shall promptly thereafter notify Pan American and its affiliated carriers in writing of the submission of such concurrence. Promptly after the receipt by Pan American of the notice referred to in the preceding sentence, Pan American shall submit, and arrange for its affiliated carriers to submit, to the Traffic Director of IATA, in writing, their concurrence in the participation with the Company as a party to the IATA Agreements. Notwithstanding the provisions of the IATA Agreements relating to the time at which said IATA Agree-

ments shall become binding between any of the parties thereto, said IATA Agreements shall be deemed effective as between the parties hereto, including affiliated carriers of Pan American, as of the effective date of this Agreement.

2. Pan American and its affiliated carriers, on the one hand, and the Company, on the other, agree, in accordance with the general and basic conditions established hereunder, to render for each other such additional services as may be listed in the ANNEXES to this Agreement, as the same may be amended from time to time, which services are not covered by the IATA Agreement.

[fol. 2359] 3. Pan American hereby appoints the Company, and the Company agrees to act as General Traffic and Sales Agent in Brazil (except in the states, territories, regions and cities specifically excluded by Annex no. 1) and in Paraguay, for Pan American and its affiliated carriers. As such General Traffic and Sales Agent, the Company agrees that it will perform such services as may be appropriate to promote passenger, mail, express and cargo traffic over the lines of Pan American and its affiliated carriers and, in cooperation with Pan American, to arrange for transportation of passengers, baggage, mail, express, and cargo over such lines. In the event Pan American shall desire to establish its own sales offices in cities or regions in Brazil (other than those established prior to the effective date of this Agreement), Pan American shall be permitted to do so upon giving the Company not less than sixty (60) days notice in writing of the establishment of such sales office.

4. The Company hereby appoints Pan American and its affiliated carriers, and Pan American agrees to act and make arrangements with its affiliated carriers under which they will act as General Traffic and Sales Agent for the Company outside Brazil and Paraguay, except in those countries, regions and cities specifically excluded by Annex no. 1. As such General Traffic and Sales Agent, Pan American and its affiliated carriers agree that they will perform such services as may be appropriate to promote passenger, mail, express and cargo traffic over the lines of the Company and, in cooperation with the Company, to arrange

for transportation of passengers, baggage, mail, express and cargo over such lines. In the event the Company shall desire to establish its own sales offices in cities or regions [fol. 2360] in the territory in which Pan American acts as General Traffic and Sales Agent hereunder (other than those established prior to the effective date of this Agreement); the Company shall be permitted to do so upon giving Pan American not less than sixty (60) days notice in writing of the establishment of such sales office.

5. In view of the mutual appointments contained in paragraphs 3 and 4 above, each party acting as General Traffic and Sales Agent for the other accepts the following as the functions to be normally performed by each party for the other in the territory in which such party acts as General Traffic and Sales Agent for the other hereunder:

(a) Solicitation and sale of passenger, mail, express and cargo transportation;

(b) Making arrangements on behalf of such passengers for transportation to and from airport terminals at points of call of such other party, and for hotel accommodation at such points and at other cities;

(c) Furnishing such advice and information as either party may from time to time request with respect to clearance, customs, and immigration procedures at points where such party acts as General Traffic and Sales Agent;

(d) Making local arrangements for advertising and publicity, including the distribution of time tables, advertising materials and other information, as either party may from time to time request to the other party;

(e) Maintaining and operating centrally located sales office for the sale of transportation for passengers, express and cargo at points served by said party, which offices will be staffed with competent traffic and sales personnel for the sale, and the sales promotion, of passenger, mail, express and cargo transportation over the lines of the [fol. 2361] other party and for the handling of all matters pertaining thereto pursuant to this Agreement;

(f) Performance of such acts and checking of such documents as may be required by applicable governmental laws

or regulations for passengers, baggage, mail, express and cargo to be transported over the lines of the other party, including the making of arrangements for the presence of such government officials as may be required in connection therewith;

(g) Checking baggage of outgoing passengers and delivering baggage to incoming passengers if either party so requests, collecting for the account of the other party any excess baggage charges payable with respect to any baggage checked by one party for transportation over the lines of the other party, receiving and forwarding by carriers with which either party has forwarding arrangements, any trunks or other heavy baggage delivered to either party for the purpose by the other party or by passengers traveling or proposing to travel, over said lines and collecting any charges payable therefor;

(h) Receiving from shippers outgoing express and cargo to be carried over the lines of the other party and delivering to consignees incoming express and cargo carried over said lines if either party so requests, collecting and forwarding by other transportation agencies any express or cargo delivered to either party for the purpose by the other party, and collecting any charges, including C.O.D. and Collect Charges, payable therefor in respect to any such express or cargo;

(i) Furnishing such catering service and other passenger service as either party may specifically request in connection with such party's operations.

[fol. 2362] (j) Making reservations for and facilitating transportation by the other party, its affiliated carriers and connecting carriers.

(k) Service all passenger and/or cargo sales agents of the other party; and if and as required by the other party, obtain remittances of funds and pay them commissions for sales of transportation made by them over the lines of such other party, all in accordance with the policies, practices, rules, regulations and instructions of such other party pertaining thereto.

(1) Subject to the conditions set forth in the Annexes, assisting in negotiations with Government Agencies in countries in which one party acts as General Traffic and Sales Agent for the other, as such other party may specifically request.

6. All action taken by each party as General Traffic and Sales Agent, whether specifically referred to herein or otherwise, shall be in accordance with the instructions, rules, regulations, fares, rates and tariffs of the party or its affiliated carrier for whom such action is taken hereunder.

7. Each party agrees to effect the appointment for the purposes of this Agreement, in the name and on behalf of the other party, of such agents in the territory in which said party acts as General Traffic and Sales Agent hereunder, as the other party may from time to time request, all in accordance with, and upon such terms and conditions as shall be set forth in, the instructions (including official published agency rules, regulations, policies and practices) and forms of agreement which said other party shall furnish to said party as its General Traffic and Sales Agent hereunder, and to cancel the appointment of any agent for the purpose of this Agreement, upon said other party's request.

[fol. 2363] 8. (a) Subject to the provisions of paragraph 19 hereof, in consideration for the Company acting as General Traffic and Sales Agent for Pan American and its affiliated carriers hereunder, Pan American hereby agrees to pay to the Company for sales made in the territory in which the Company acts as General Traffic and Sales Agent for Pan American and its affiliated carriers, in addition to any commissions payable under the IATA Agreements:

(i) A commission equal to three (3%) percent of the total amount of the applicable fares for passenger transportation over the lines of Pan American and its affiliated carriers, excluding excess baggage weight charges and valuation and insurance charges on baggage, sold in such territory, including transportation sold by other carriers.



(ii) A commission equal to two and one-half (2½%) percent of the total amount of the applicable charges (not including insurance and C.O.D. charges) for air express and cargo transportation over the lines of Pan American or its affiliated carriers, sold in such territory, including transportation sold by other carriers, but excluding charges collected for shipments for which the air waybill is not issued in such territory.

(b) Subject to the provisions of paragraph 19 hereof, in consideration for Pan American and its affiliated carriers acting as General Traffic and Sales Agent for the Company hereunder, the Company hereby agrees to pay to Pan American for sales made in the territory in which Pan American and its affiliated carriers act as General Traffic and Sales Agent for the Company, in addition to any commissions payable under the IATA Agreements:

(i) A commission equal to three (3%) percent of the total amount of the applicable fares for passenger transportation over the lines of the Company, excluding excess baggage weight charges and valuation and insurance charges on baggage, sold in such territory, including transportation sold by other carriers.

[for 2364] (ii) A commission equal to two and one-half (2½%) percent of the total amount of the applicable charges (not including insurance and C.O.D. charges) for air express and cargo transportation over the lines of the Company, sold in such territory, including transportation sold by other carriers but excluding charges collected for shipments for which the air waybill is not issued in such territory.

(c) In addition to any other remedies which either party may have, no commission shall be payable with respect to any sales which are not made in accordance with the instructions, rules, regulations, rates and tariffs of said party as provided in paragraph 6 hereof.

(d) No commission will be payable with respect to any fares or charges which shall be refunded, except as otherwise provided by the party over whose lines the transportation is or is to be carried out.



(e) Each party hereby agrees to pay or reimburse to the other party any out-of-pocket expenses specifically requested and approved by such party and incurred by the other, not chargeable to passengers or shippers (other than the cost of routine notices, distribution of time tables and sales promotion material, solicitation and salaries of personnel, office rental, telephone service and other expenses incurred in performing such services as are customarily performed by a General Traffic and Sales Agent) in carrying out special services (including such expenses for advertising and publicity and catering) requested under this Agreement.

[fol. 2365] 9. (a) Each party agrees to indemnify the other and hold it harmless from and against all claims, for any loss, damage, injury or delay of any nature whatsoever, including costs and expenses, which shall occur in connection with the transportation services of said party or in connection with the carrying out or failure to carry out any obligation to third parties arising by reason of action taken on behalf of said party by said other party as General Traffic and Sales Agent pursuant to this Agreement unless such loss, damage, injury or delay shall be caused by the negligence or wilful misconduct of said other party. Pan American agrees to obtain a similar commitment from each of its affiliated carriers with respect to its transportation services and obligations to third parties arising by reason of action taken on its behalf.

(b) Each party hereby releases the other from all liability to it for loss, damage, injury or delay, arising by reason of any action taken or omitted to be taken on behalf of said party by said other party as General Traffic and Sales Agent pursuant to this Agreement unless such loss, damage, injury or delay shall be caused by the negligence or wilful misconduct of said other party.

• (c) It is expressly understood, without limiting the generality of the foregoing provisions of this paragraph 9, that expenses to either party arising from any fines, penalties or detention expenses imposed by any government or governmental agency (or which any government or govern-

mental agency attempts to impose), as the result of negligence on the part of the other in performing the functions provided for in paragraph 5 (f) of this Agreement, shall be for the account of said other party.

[fol. 2366] (d) The provisions of this paragraph 9 shall relate to matters dealt with in this Agreement other than matters dealt with in the IATA Agreements, and shall not be deemed to modify any of the provisions of said agreements. The provisions of this paragraph 9 shall be applicable to any functions provided to be performed by either party for the other by the terms of this Agreement, in the territory in which such party acts as General Traffic and Sales Agent for the other, which functions may also be provided for by the terms of any ground handling agreement, ground servicing agreement or other agreement between the parties, notwithstanding any provision to the contrary, or inconsistent therewith, in said ground handling agreement, ground servicing agreement or other agreement.

10. Each party agrees to cooperate with the other in the operation of passenger, mail, express and cargo air services of the other and that, so long as this Agreement shall remain in force and effect, each party will use its best efforts generally to aid and assist the other in the establishment and operation of such services.

11. All expenses for telegrams, cables, radiograms or other communications sent in connection with or pursuant to this Agreement, including communications relating to reservations and cancellations of reservations, shall be borne by the sender.

12. Except as otherwise agreed upon between the parties in writing, settlement of all amounts payable hereunder, including all amounts collected on behalf of either party for transportation sold under the provisions of the IATA Agreements, shall be made in accordance with the applicable rules and regulations of the IATA Clearing House.

[fol. 2367] 13. In the event that Pan American shall have arrangements (hereinafter referred to as an "Interline Agreement") with any other carrier other than pursuant

to an IATA Interline Traffic Agreement, pursuant to which Pan American and its affiliated carriers are authorized to sell transportation over the lines of such other carrier and such other carrier is authorized to sell transportation over the lines of Pan American and its affiliated carriers, it is understood that the Company is an affiliated carrier of Pan American for the purposes of the Interline Agreement and the Company is hereby authorized to sell transportation, and agrees to honor transportation sold, pursuant to the Interline Agreement, subject to all the terms and conditions thereof. The basis of compensation and the other principal features of all Interline Agreements in effect at the time will be set forth in the traffic rules and regulations currently furnished to the Company by Pan American and copies of such agreements will be furnished to the Company upon request. It is further understood that, with respect to any transportation sold in accordance with the Interline Agreement:

(a) Settlement will be effected between Pan American and the Company in the same manner as settlement is effected pursuant to this Agreement, or in such manner as shall be mutually agreed upon;

(b) The Company shall have all of the rights and obligations, and only the rights and obligations, provided under the Interline Agreement with respect to affiliated carriers of Pan American;

(c) No commission or other compensation or payment (including reimbursement of commissions or payment to sub-agents or others) will be paid by or to the Company except to such extent as may be provided in the Interline Agreement; and

[fol. 2368] (d) The Company agrees to indemnify and hold harmless Pan American from and against all claims, including costs and expenses, and to reimburse Pan American for all amounts paid by Pan American pursuant to the Interline Agreement or otherwise by reason of any action taken by the Company pursuant to this paragraph 13.

14. In case Pan American shall take action of any kind in connection with the sale by the Company of transpor-

tation over the lines of an affiliated carrier of Pan American, or the sale by an affiliated carrier of Pan American of transportation over the lines of the Company, or in connection with the sale by the Company of transportation over the lines of a carrier with which Pan American has an Interline Agreement, or the sale by any such carrier of transportation over the lines of the Company, Pan American shall be deemed to be acting only as agent for the carrier over whose lines such transportation is to be carried out and shall be under no liability to the Company in connection therewith, including, but without limitation, liability for payment of commissions or other payments unless collected by Pan American on behalf of the Company, except for its own negligence or wilful misconduct.

15. It is agreed that the name "Pan American", "Panair", "Pan American Airways System", "Pan American World Airways", "Pan American World Airways System", and "Clipper" and the Pan American insignia and any other special or distinctive phrase, mark, name or slogan relating to Pan American and used on advertising material or otherwise by the Company, including all accompanying goodwill, are and are to remain the property of Pan American, and that the name "Panair do Brasil" and the Company's insignia and any other special or distinctive phrase, [fol. 2369] mark, name or slogan relating to the Company and used on advertising material or otherwise by Pan American, including all accompanying goodwill, are and are to remain the property of the Company, and Pan American and the Company agree to cooperate fully with each other in the protection of such names, insignia, phrases, slogans and marks. It is however agreed that the Company will be permitted to register in Brazil only the name "Panair" as their cable address for Brazil.

16. Any controversy or claim arising out of or in any manner relating to this Agreement shall be referred to and finally settled by arbitration in accordance with the procedures set forth below, and if necessary, judgment on the award rendered may be entered in any court having jurisdiction thereof.

- (i) If the parties agree to the appointment of a single arbitrator, the arbitral tribunal shall consist of him alone.
- (ii) If they do not so agree the arbitral tribunal shall consist of three arbitrators. Each party shall appoint one of the three arbitrators, and the arbitrators so appointed shall appoint the third, who shall act as chairman. Should the arbitrators appointed by the parties fail to agree on the appointment of the third, or should either fail to appoint his arbitrator, any supplementary appointment required shall be made by the Director General of the International Air Transport Association (IATA).
- (iii) The Director General may, at the request of either party, fix any time limit he finds appropriate within which the other party, or the two arbitrators appointed by the parties, shall constitute the arbitral tribunal. Upon the expiration of this time limit the Director General shall take the action prescribed in the preceding paragraph to constitute the tribunal.
- (iv) When the arbitral tribunal consists of three arbitrators, its decision shall be given by majority vote.
- (v) The arbitral tribunal shall settle its own procedures and if necessary shall decide the law to be applied. The award shall include a direction concerning allocations of costs and expenses of and incidental to the arbitration (including arbitrator fees).
- (vi) The award shall be final and conclusively binding upon the parties.

17. As used in this Agreement, the term "affiliated carriers" shall include all companies other than the Company engaged in the transportation of passengers, mail, express or cargo, by air, for hire, capital stock of which shall be owned by Pan American, which Pan American may designate by notice in writing to the Company.



18. (a) Unless otherwise provided for in the Annexes to this Agreement, this Agreement shall become effective on January 1, 1955, and shall continue in effect until December 31, 1955 and thereafter until terminated by either party at any time after December 31, 1955 upon notice in writing given to the other not less than ninety (90) days in advance of the date of such termination. Termination of this Agreement shall not relieve either party from any obligation or liability on its part arising from or connected with [fol. 2371] tickets, exchange orders, airwaybill or other contracts for transportation issued or executed prior to such termination nor shall it relieve either party from any liability on its part based upon any state of facts existing prior to such termination.

(b) The general traffic and sales agency agreement between Pan American and the Company dated May 1, 1947 is hereby terminated as of the effective date of this Agreement.

19. The provisions of this Agreement shall be subject to all applicable rules and resolutions, including but not limited to those relating to commissions, of the International Air Transport Association (IATA), or any branch, committee, or conference thereof, which is binding upon either party to this Agreement or to any applicable agreement made by either party to this Agreement and approved by the IATA, and said provisions shall be deemed to be amended by any such rule, resolution or agreement to the extent that said provisions are in conflict with such rule, resolution or agreement. Notwithstanding the provisions of paragraph 9 hereof, expenses to either party arising from any fines or penalties imposed pursuant to any such rule or resolution of the IATA, as the result of any action taken or omitted to be taken by the other as General Traffic and Sales Agent hereunder, shall be for the account of said other party, provided that said other party shall not be required to take any action hereunder in violation of any such rules or resolutions.

20. Any notice required or permitted to be given pursuant to this Agreement shall be duly given if sent by mail

addressed, in the case of notice to Pan American, to Vice President—Traffic and Sales, Pan American World Airways, Inc., 135 East 42nd Street, New York, 17, N.Y., U.S.A., or to such other address as Pan American may from time [fol. 2372] to time designate for the purpose, and in the case of notice to the Company, to the president, Panair do Brasil, S.A., Rio de Janeiro, Brazil, or to such other address as the Company may from time to time designate for the purpose.

21. This Agreement consists of paragraphs 1 through 21, together with Annexes Nos. 1, 2 and 3 as the same may hereafter be amended by mutual agreement in writing between the parties.

IN WITNESS WHEREOF, Pan American and the Company have caused this agreement to be executed in the corporate names by their respective officers thereunto duly authorized.

PAN AMERICAN WORLD AIRWAYS, INC.

By /s/ (Signature Illegible)  
Vice President-Traffic & Sales

WITNESS:

/s/ (Signature Illegible)

PANAIR DO BRASIL, S.A.

By /s/ (Signature Illegible)

WITNESS:

/s/ (Signature Illegible)

/s/ (Signature Illegible)



[fol. 2373]

## GENERAL TRAFFIC AND SALES AGENCY AGREEMENT

### ANNEX No. 1

1. In accordance with the provisions of paragraph 2 of the GENERAL TRAFFIC AND SALES AGENCY AGREEMENT to which Pan American and the Company are parties:

- (a) Pan American on one side, agrees to act as General Traffic and Sales Agent on behalf of the Company outside the countries of Brazil and Paraguay except in Argentina, Austria, the Azores, Bahrain, Belgium, Cyprus, Denmark, Egypt, England, France, French Morocco, French West Africa, Finland, Germany, Greece, Holland, Iceland, Iran, Iraq, Ireland, Israel, Italy, Jordan, Jugoslavia, Kuwait, Lebanon, Luxembourg, Norway, Portugal, Saudi Arabia, Scotland, Spain, Sweden, Switzerland, Syria and Turkey; and
- (b) The Company, on the other side, agrees to act as General Traffic and Sales Agent on behalf of Pan American in the country of Brazil (except in the territory of the Federal District and the State of Rio, and the State of São Paulo, or any other cities or regions in Brazil which may be excepted later as provided for in paragraph 3) and in the country of Paraguay.

Pan American agrees to assist the Company in negotiations with government agencies in the countries in which Pan American acts as General Traffic and Sales Agent for the Company, except Chile and Peru, to such an extent as shall be requested by the Company, and any out-of-pocket expenses incurred in furnishing such assistance will be reimbursed by the Company. The Company agrees to assist Pan American in negotiations with the government agencies in Brazil, to such an extent as shall be requested by Pan American, and any out-of-pocket expenses incurred in fur-

[fol. 2374] nishing such assistance will be reimbursed by Pan American.

2. The conditions established in this Annex No. 1 shall become effective as of January 1, 1955.
3. Pan American shall have the right to terminate the provisions of paragraph 1 (b) above with respect to the exception of the territory of the Federal District and the State of Rio and the State of São Paulo, upon notice in writing given to the Company not less than sixty (60) days in advance of the date of such termination, in which event there shall be appropriate modification of the provisions of Annex No. 2 (Federal District and State of Rio—Brazil) and/or Annex No. 3 (State of São Paulo).

[fol. 2375]

## GENERAL TRAFFIC AND SALES AGENCY AGREEMENT

### ANNEX No. 2

(Federal District and State of Rio—Brazil)

1. In accordance with the provisions of paragraph 2 of the GENERAL TRAFFIC AND SALES AGENCY AGREEMENT to which Pan American and the Company are parties, Pan American and the Company have mutually accepted the additional provisions, hereinafter described, and solely applicable to the territory of the Federal District and to the State of Rio in the country of Brazil, and which provisions are not contained in the IATA Agreements:

- 1.1 The Company agrees to act, on behalf of Pan American, as General Traffic and Sales Agent exclusively for the air express, air cargo, and mail business and perform this function, in accordance with the conditions set forth in the General Traffic and Sales Agency Agreement referred to above, and to the extent that such conditions are applicable to the air express, air cargo, and mail business.

In consideration of the international air express, air cargo, and mail traffic volume of Pan American in Rio, Pan American agrees to participate in the expenses to cover the operation and maintenance of the Company's air cargo offices to the extent of the monthly fixed amount of Cr\$50,000. In computing this participation, among others, the following factors have been taken into account:

a) Average volume of the international air express and cargo discharged by Pan American in Rio as compared to the same volume of international air express and air cargo discharged by the Company; and

[fol. 2376] b) Average volume of "collect shipments" of Pan American and the related functions of the manipulations of shipping and clearance documents, the physical collections of the charges, and the preparation of the corresponding reports for accounting purposes.

1.3. The Company agrees to make available to Pan American one of the show windows of the Company's main Sales Office (Castelo), for the exhibition of Pan American's advertising and display material; provided, however, that the materials and labor required for the installation and/or decoration of these show windows will be for the account of Pan American.

2. It is understood that either party may at any time request a total or a partial revision of the computation of the amounts established in the foregoing provisions.
3. The conditions established in this Annex No. 2 shall become effective as of January 1, 1955.

[fol. 2377]

## GENERAL TRAFFIC AND SALES AGENCY AGREEMENT

### ANNEX No. 3

(State of São Paulo)

1. In accordance with the provisions of paragraph 2 of the **GENERAL TRAFFIC AND SALES AGENCY AGREEMENT**, to which Pan American and the Company are parties, Pan American and the Company have mutually accepted the additional provisions, hereinafter described, and solely applicable to the territory of the State of São Paulo in the country of Brazil, and which provisions are not contained in the IATA Agreements:

1.1 The Company agrees to act, on behalf of Pan American, as General Traffic and Sales Agent exclusively for the air express, air cargo, and mail business and perform this function, in accordance with the conditions set forth in the General Traffic and Sales Agency Agreement referred to above, and to the extent that such conditions are applicable to the air express, air cargo, and mail business.

1.2. In consideration of the international air express, air cargo, and mail traffic volume of Pan American in São Paulo, Pan American agrees to participate in the expenses to cover the operation and maintenance of the Company's air cargo offices to the extent of the monthly fixed amount of Cr\$80,000. In computing this participation, among others, the following factors have been taken into account:

- a) Average volume of the international air express and cargo discharged by Pan American in São Paulo as compared to the same volume of international air express and air cargo discharged by the Company; and
- b) Average volume of "collect shipments" of Pan American and the related functions of the

manipulations of shipping and clearance documents, the physical collections of the charges, and the preparation of the corresponding reports for accounting purposes.

2. It is understood that either party may at any time request a total or a partial revision of the computation of the amounts established in the foregoing provisions.
3. The conditions established in this Annex no. 3 shall become effective as of January 1, 1955.

[fol. 2379]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 78

**PAN-AMERICAN WORLD AIRWAYS SYSTEM**

General Offices, Chrysler Building,  
135 East 42nd Street, New York 17, N. Y.

December 13, 1955

Panair do Brasil, S.A.  
Rio de Janeiro, Brasil

Gentlemen:

Reference is made to the General Traffic and Sales Agency Agreement between our respective companies dated January 1, 1955. In accordance with the provisions of Paragraph 17 of said Agreement, Pan American hereby designates the following carriers as affiliated carriers of Pan American for the purposes thereof:

Aerovias Nacionales de Colombia, S.A.  
Compania Mexicana de Aviones, S.A.  
Lineas Aereas Costdesicenses, S.A.  
Pan American Grace Airways, Inc.

Pan American also hereby designates Aeronaves de Mexico, S.A. pursuant to Paragraph IV of said Agreement, as an affiliated carrier of Pan American, solely with respect to matters relating to participation in the IATA Interline Traffic, Baggage and Cargo Handling Aggregate, and Pan-

air do Brasil, S.A., acting as General Traffic and Sales Agent under the Agreement.

Will you please indicate your acknowledgment of the receipt of this letter on the enclosed copy, and return the same to us.

Very truly yours,

PAN AMERICAN WORLD AIRWAYS, INC.

/s/ WILLIS G. LIPSCOMB  
Willis G. Lipscomb  
Vice President, Traffic & Sales

ACKNOWLEDGMENT:

PANAIR DO BRASIL, S.A.

By /s/ illegible

[fol. 2380]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 79

AMENDMENT NO. 1

THIS AMENDATORY AGREEMENT, made as of July 1, 1957, between PAN AMERICAN WORLD AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York, hereinafter referred to as "Pan American", and PANAIR DO BRASIL, S.A., a corporation organized and existing under the laws of Brazil, hereinafter referred to as the "Company",

WITNESSETH THAT:

WHEREAS, Pan American and the Company have entered into a General Traffic and Sales Agency Agreement dated January 1, 1955, whereby the Company acts as general traffic and sales agent for Pan American and its affiliated carriers in the country of Brazil (except in the territory of the Federal District and the State of Rio and the State of Sao Paulo) and in the country of Paraguay, and whereby Pan American and its affiliated carriers act as general traffic and sales agent outside the countries of Brazil and Paraguay (except in certain countries, regions



and cities designated in paragraph 1 (a) of Annex No. 1 thereto); and

WHEREAS, Pan American and the Company desire to amend the General Traffic and Sales Agency Agreement to exclude the country of Uruguay from the territory in which Pan American and its affiliated carriers act as general traffic and sales agent for the Company;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained the parties hereby agree as follows:

1. Paragraph 1 (a) of Annex No. 1 to the General Traffic and Sales Agency Agreement is hereby amended, effective [fol. 2381] as of July 20, 1957, by the insertion of the name, "Uruguay" after the name "Turkey" appearing therein.

2. Except as herein specifically amended, all of the terms and conditions of the General Traffic and Sales Agency Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, Pan American and the Company have caused this Amendatory Agreement to be executed in their corporate names by their respective officers thereunto duly authorized as of the day and year first above written.

PAN AMERICAN WORLD AIRWAYS, INC.

/s/ WILLIS G. LIPSCOMB  
Willis G. Lipscomb  
Vice President-Traffic & Sales

WITNESS:

/s/ (Illegible)

PANAIR DO BRASIL, S.A.

/s/ CESAR PIRES DE MELLO  
Cesar Pires de Mello  
Director Superintendent

WITNESS:

/s/ PRESTON  
Commercial Manager



[fol. 2382]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 80

## AMENDMENT NO. 2

THIS AMENDATORY AGREEMENT, made as of Dec. 11, 1957, between PAN AMERICAN WORLD AIRWAYS, INC., a corporation organized and existing under the laws of the State of New York, hereinafter referred to as "Pan American", and PANAIR DO BRASIL, S.A., a corporation organized and existing under the laws of Brazil, hereinafter referred to as the "Company",

## WITNESSETH THAT:

WHEREAS, Pan American and the Company have entered into a General Traffic and Sales Agency Agreement dated January 1, 1955, as amended by Amendment No. 1 thereto dated July 1, 1957, whereby the Company acts as general traffic and sales agent for Pan American and its affiliated carriers in the country of Brazil (except in the territory of the Federal District and the State of Rio and the State of Sao Paulo) and in the country of Paraguay, and whereby Pan American and its affiliated carriers act as general traffic and sales agent outside the countries of Brazil and Paraguay (except in certain countries, regions and cities designated in paragraph 1 (a) of Annex No. 1 thereto); and

WHEREAS, Pan American and the Company desire to amend the General Traffic and Sales Agency Agreement to delete the provisions set forth in Annex No. 2 thereto relating to the Federal District and State of Rio—Brazil;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained the parties hereby agree as follows:

1. The provisions set forth in Annex No. 2 to the General Traffic and Sales Agency Agreement are hereby deleted in [fol. 2383] their entirety, effective as of Dec. 11, 1957.

2. Except as herein specifically amended, all of the terms and conditions of the General Traffic and Sales Agency

Agreement, as heretofore amended, shall remain in full force and effect.

IN WITNESS WHEREOF, Pan American and the Company have caused this Amendatory Agreement to be executed in their corporate names by their respective officers thereunto duly authorized as of the day and year first above written.

PAN AMERICAN WORLD AIRWAYS, INC.

/s/ WILLIS G. LIPSCOMB  
Willis G. Lipcomb  
Vice President-Traffic & Sales

WITNESS:

/s/ (Illegible)

PANAIR DO-BRASIL, S.A.

/s/ CESAR PIRES DE MELLO  
Cesar Pires de Mello  
Director Superintendent

WITNESS:

/s/ PRESTON  
H. P. Preston  
Commercial Manager

[fol. 2384]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 81

New York, August 30th, 1927.

C. J. Billwiller Esq.,  
Nitrate Agencies Ltd.,  
Iquique, Chile.

Dear Billwiller:—

Thank you very much indeed for your informal and interesting letter of August 5th.

Our expert has reported on a project for passenger service all the way down the Coast, also on a service from

Panama up to Callao and return and also on a service for mail only all the way down the Coast.

The Post Office Department has no appropriation available for carriage of the mail at a greater rate than 80¢ a pound which is too low to make even a mail service profitable.

The general idea is winning some converts here and when it has taken a little more definite form, I will write you more fully.

Very truly yours,

RHP.C

[fol. 2385]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 82

### MEMORANDUM

Date August 31st, 1927.

To Mr. CARTER

Dept.

From Mr. PATCHIN

Dept.

### SUBJECT: AVIATION

Herewith estimate of capital and operating cost for weekly air mail service from Colon to Valparaiso which I hope you will find time to look over.

No estimate of revenue is included as it will all depend on what arrangements we can make with the Post Office Department. Some revenue can be derived from passengers as the plane specified would have accommodations for three or four passengers as well as two pilots. It is not advisable on air navigation over waters such as the West Coast to use a smaller plane.

My personal opinion is that we ought to use flying boats instead of amphibians, but no flying boats have yet been built in this country.

R. H. PATCHIN

[fol. 2386]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 83

December 23, 1927

Mr. Harold R. Harris  
Huff, Daland Dusters, Inc.  
O uachita National Bank Building  
Monrow, La.

Dear Harris:

In accordance with my night letter, under date of December 21st, I am forwarding you attached herewith suggested draft of proposed concession to be secured by Huff, Daland Dusters, Inc., or a new Peruvian National Company, to be created for that purpose, if local conditions make such a step desirable.

You will note that the accompanying draft of concession is designed to provide the Company with the necessary legal authority to conduct its business, in all its branches, both operating on schedule and auxiliary service of every kind, of a strictly commercial nature.

It will be noted that one paragraph reserves the right to enter into additional special contracts with the Government for future mail and other service. This provision is inserted so that in the event of a lump sum grant, by the Government, for development purposes is not acceptable to the Government, or is not sufficient in amount to provide the Company the necessary guarantee of earning power, additional supplementary contracts may be made.

You will note that the amounts of these proposed payments and periodic dates same are to be deposited to the credit of the Company, have been left blank, to be filled in by yourself and Mr. Wollman at a later date.

In general, I believe it would be unwise to contract for scheduled service operating less than two hours a day in air load factor, for the company's aircraft, including all the ships in the fleet, at a rate under \$1.50 per ship mile—single engine ships of 700 to 900 pounds payload, in addition to pilot and fuel for five hours.

From our experience to date in Latin-America, I cannot too strongly stress the desirability of securing the services of a high-grade Peruvian Attorney. The man selected should be thoroughly grounded in his profession and, in addition, should have good standing with the Government Departments, and all those who may be concerned. I have heard very good reports concerning Dr. Rónero, Attorney for All American Gages, whose name I suggest for your consideration. It would be wise, too, I believe, to arrange with the Attorney you finally select, for a flat fee, contingent upon securing an acceptable concession and in addition, pay only out-of-pocket expenses incurred.

You will further note that the concession has been drafted so that all dealings and contracts are made with the Departments "Fomento" or Public Works, rather than with the Post Office Department. Transportation in general in Peru comes under the Department of "Fomento". In view of the strong foreign influence now surrounding the Post Office Department (The British Marconi Company) it is believed that arrangements made with the Department of "Fomento" can be negotiated on a basis more favorable to the Company.

[fol. 2387] You will further note that no details as to frequency of service, intermediate stops, operating schedule, or weight of mails are provided for in the paragraph covering the service between Mollendo and Paita. These details are subject to the financial arrangements made between the Government and, in fact, on the final terms of the concession itself as approved by the Peruvian Legislature.

I would suggest that you have forwarded for comment, after local negotiations have commenced, at the earliest opportunity, proposed frequency, load guarantee, number of cities to be served, etc., etc.

Some specified in the concession are to be given the Company by the Government for development, research and Pioneer work, in general. The Company assumes no direct obligation of any kind because of the payment of such sums. The concession does not constitute an iron-clad monopoly

and the sums advanced do not constitute a subsidy, and therefore, the Government should be sold on the fact that it is not entitled to any ownership in the Company's property, or share in future revenue. The only obligations to be assumed by the Company are those distinctly stated in the concession.

The concession will not be valid and no money can be paid by the Government under this agreement, until it has been ratified by the Peruvian Congress. I would suggest it might be helpful to verify this fact locally and forward, at the earliest opportunity, the date when the session of Congress, at which the concession will come up for approval, will convene, in order that we may secure the maximum assistance from our State Department.

If the Peruvian Attorney thinks it unnecessary to include a special cause in the concession in order to make it transferable, paragraph 23 should be stricken out.

The local bank specified for a depository, you will note, is the National City Bank at Lima, Peru. Any responsible local American institution, however, would suffice, should this bank, for one reason or another, prove undesirable.

Much difficulty usually obtains in Latin-American countries in collecting sums due from local Governments. For this reason, particular care has been taken to provide that lump payments shall be made in advance through a depository as trustee.

The proposed concession would also permit the Company to sell its own stamps direct. This procedure need not necessarily be followed, and should the Government finances become absolutely stabilized, the Company would have the right to carry mail bearing Government mail stamps, the Company receiving payment for carrying same from the Government. On general principles, however, the method is unsatisfactory. The most desirable arrangements would be the ratification by the Peruvian Congress of the proposed concession, carrying with it lump payments in advance over one or two years, to cover the greater part of the capital investment required.



A supplementary contract, whereby the Government would guarantee a minimum load of airmail bearing the Company's stamps on mail at 50¢ per ounce, or fraction thereof, sufficient to guarantee a mail revenue of \$1.50 per schedule mile, would be most desirable.

[fol. 2388] I trust this data may be of service to you and would appreciate your comments thereon, at an early date, so that we may have a chance to redraft certain points, if you deem it advisable, before you sail.

With best regards, I remain,

Yours sincerely,

J. T. Trippe

[fol. 2389]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 84

December 30, 1927.

Mr. Harold R. Harris,  
Huff Daland Dusters, Inc.,  
Monroe, La.

Dear Harold:

Thank you for your letter of December 20th, which I have delayed acknowledging, partly due to the large amount of work to be done before the Pan American Conference on the fifteenth. I was hoping it might be possible for you to attend, but appreciate the fact that the situation developing in Peru may probably make this impossible.

I also want to take this opportunity to thank you for passing along the information you picked up in Washington with reference to Nagle. Nagle is now doing some work for us, but chiefly in connection with accumulating statistics, having to do with the movement of passengers, mail and merchandise, clerks and collection items, through Central and South America, for the preparation of a detailed survey we expect to make on the Colon run, within the next two months.



Let me have your reaction to the drafts of the proposed concession which I forwarded you Christmas Day. I appreciate it is by no means in good shape yet, but feel that it may be of considerable value to you as a draft to commence negotiations on.

From information I have secured in Washington and elsewhere, I believe you are going to run into considerable difficulties and, in particular, opposition by local British and German interests. The two cable companies also will certainly offer no assistance. In fact, I feel confident that messages having to do with securing this concession may probably come before certain of their executives.

I am, therefore, forwarding you, under separate cover, copy of a small dictionary which you can use as a guide later on in the negotiations, if you particularly wish to get something through confidentially. It is quite possible you will never require it, but it may be well to have it along. I have a similar edition in my desk. The procedure is relatively simple. The figures 199 to 315 refer to pages. The figures one to 100, the definite word located on the page previously referred to. For instance, 216-75 would refer to the word "can"; 243-6 would refer to the word "fifty", etc., etc.

As stated above, I see no reason now why we should have need for this code, but we cannot foresee what will develop, and it may come to pass, for instance, that you would have us bring pressure along certain channels, through our State Department, and certainly you would not wish to put such a message over the cables in ordinary language.

Wishing you a Happy New Year and awaiting word from you with interest, I remain,

Yours very truly,

J. T. Trippe;  
President.

JTT/B

[foi. 2390]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 85

[Letterhead of Huff Daland Dusters, Inc.,  
Monroe, La.]

[Stamp—Received—Jan 6 1928]

January 3, 1928.

Mr. Juan Trippe, President,  
Pan American Airways,  
100 East 42nd Street,  
New York City.

Dear Juan:

Your proposed Peruvian concession with its covering letter, and also your nice letter of the 30th both arrived today. The concession letter was very surprising to me as I thought that it was thoroughly understood between us that you were to send us a generalized Latin-American concession form and not worry about the Peruvian angle in particular. The only reason I cabled Woolman to delay activities was to get this form you were to make up, which we discussed in Washington. I feel that we are not justified in further delay in this matter and we are cabling Woolman to proceed with the negotiations along the lines with which he is already familiar; however, we will forward him a copy of your letter and draft for his information and such use as he may be able to make of them.

You well know that we have intimate knowledge of the situation in Peru and we feel that we have the very best of connections there. As you realize, negotiations will, no doubt, be very delicate and we cannot point out too strongly the advisability of having all inquiries, information and suggestions clear through one channel. If confidential inquiry is conducted, say through the National City Bank, it might prove embarrassing to us, not only in our work in Peru, but in the other countries south of the Canal, and we look to you to refrain from making any moves regarding these countries without first advising with us.

With further reference to a standard form of Latin-American concession draft we would appreciate very much your giving us the salient points in the concessions which you may now possess. The importance of being able to refer to a particular clause or clauses as being acceptable to some other Latin-American government might be the deciding fact in securing the acceptance of this clause in another country. We shall attempt to secure a monopoly [fol. 2391] concession in Peru, Ecuador and Chili and the best possible type of concession in Columbia. I seriously question whether a partial monopoly such as outlined in your draft is desirable, except as a last resort. A brief study of your proposed Peruvian concession has brought out a number of other points which seem undesirable or unnecessary. One, for instance, is the fact that no provision is made in this draft for operating between Peruvian ports and foreign ports. We see nothing desirable or necessary in the description of the type of equipment to be used. We see no reason for operating the entire route within six months of the approval of the government, but would rather guarantee to commence operations on a partial route within that time.

Your point that the income should be at least a dollar and a half per mile seems to be very important and I feel sure is based upon your previous experience. This is nearly three times as much as we had theoretically figured, and we would appreciate very much your data on this.

It was very thoughtful of you to send the dictionary, and the notation regarding the code may prove very important and beneficial. I feel with you that we may get some keen competition in this matter, which may have extensive ramifications.

Regarding use of the dictionary in private code in cables, I will appreciate very much your giving me your cable address in New York. Our address in Lima is Hudadus, which is also our address in Monroe. Possibly in sending numbers by cable we might use the A.B.C. Sixth Edition Code Book and simply take the code number, which is the left hand column on each page, and transmit the half code word corresponding to that number. An otherwise unintelligible

cable in the A.B.C. Sixth Edition would immediately become a dictionary code cable. This would be convenient for us since we use this code in our ordinary code cables.

Please drop me a line on the matters mentioned above, particularly the cost data, as soon as possible, since the date of the Pan American Conference is very close and I suppose you will be in Cuba at that time. Unfortunately I have not been able to set my sailing date, so do not know for sure if I will be able to meet you in Cuba.

Very truly yours,

HUFF DALAND DUSTERS, Inc.,

/s/ HAROLD R. HARRIS  
Vice President.

HRH:NRG.

[fol. 2392]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 86

[Handwritten notation—1928—file]

January 3, 1928

*Memorandum of conversation with Dr. von Bauer*

Dr. von Bauer began with the Scadta Company as Manager but in 1921 when they were in financial difficulties, he invested heavily in the Company and became its head. He is now the principal stockholder. Scadta is a Colombian Company. They have recently organized two other companies in connection with their new services.

The Company has a liberal concession in Colombia which while it does not give them any monopoly, does give them certain advantages in the way of exemption from export duty on planes, spare parts, supplies, etc. and the right to conduct what virtually amounts to a private mail service, the Company selling their own stamps and delivering their own letters at destination.

The Company, even on the small service which it is now running, has eleven planes, maintains an airport at Bar-

ranquilla which represents an investment of \$200,000, and smaller airports at Girardot, Cartagena and Buenaventura. Dr. von Bauer explained that the land plant is quite as important as the flying machinery pointing out the difficulty of maintaining adequate repair shops, and the necessity of maintaining supplies of repair parts, etc. in order to make necessary repairs at a point so far distant from the factory. He stated that an engine costs \$7,000, and the larger Dornier whale planes up to as much as \$100,000. Seadta's practice is to write off the entire investment in a plane in twelve to eighteen months although ordinarily the plane is in use much longer than that. 1,000 running hours [fol. 2393] being estimated as the commercial life.

The Colombian service maintains reserve planes which are stationed at strategic points and proceed in search of any plane which does not pass within a certain period after schedule time. Insurance is carried on the planes although the rate is 20% to 25% though in Seadta I imagine the Company carries part of their own insurance as Dr. Von Bauer said they had an insurance reserve of \$100,000. Insurance for the pilots is optional with them and paid for by deduction from their salaries. Dr. von Bauer stated that few of the pilots carry insurance as they prefer the cash.

Asked for his ideas regarding a West Coast of South America service, Dr. von Bauer stated that the matter would require very careful study in detail and that it was impossible to reach any conclusion without this study. The question of the best type of plane for the service would itself require very careful investigation. For example, for a part of the service hydroplanes would probably be desirable and for other sections, land planes. On account of the rains between the Canal and Guayaquil, all metal planes would probably be required here. Among the difficulties to be overcome which he mentioned, were the prevalent rains between the Canal and Guayaquil, the fogs from there to Lima and the possible heavy seas below that point, and all along the course, the difficulty of finding suitable landing places. As indicative of the probable cost of such a service, [fol. 2394] it may be noted that on a Florida Guatemala

Cuba triangular service, which Dr. von Bauer figured on some years ago, he estimated that an investment of \$2,000,000 would be required.

[fol. 2395]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 87

January 13, 1928.

Mr. Harold R. Harris, Vice President,  
Huff Daland Dusters, Inc.,  
Ouachita National Bank Building,  
Monroe, La.

Dear Harold:—

I acknowledge receipt of your letter, under date of January 3rd, relative to the proposed Peruvian concession.

I note therein that you have cabled Woolman to proceed with negotiations along the lines of the original plan, copy of which Ed Gott forwarded me, and that you also forwarded Woolman a copy of the proposed Peruvian concession prepared by Pan American Airways, Inc.

I am sorry it was impossible to delay matters in Peru until Woolman could have received from you the draft we sent you, for I believe that a concession along those lines is infinitely more desirable than a general contract, depending upon payments made by the Government, from time to time, for services rendered. In fact, I do not believe that an operation depending upon such revenue would fit in with the proposed operations of Pan American Airways, Inc.; but, knowing the local situation as you do, you are probably in a better position to judge what type of concession would best fit the picture.

In your letter you raise the question as to whether a partial monopoly, such as outlined in our draft, is desirable, except as a last resort. In this connection, I would state that the concession developed by us is the strongest possible one that would be supported by our State Department.



In view of the pressure brought to bear by foreign Governments to secure concessions in Ecuador, Peru and Chile at the present time, I believe you will be lost unless you have the greatest possible backing in Washington.

You also refer to our draft as having no provision covering the operation between Peruvian ports and foreign ports. This is one of the most important points in question that [fol. 2396] will come up for discussion at the forthcoming Pan American Conference. Our delegates are of the opinion that it will be adopted that all member-countries will agree to regulations permitting International Transport Companies to land at certain Airports of Entry in their territory. Should this fail of enactment, it would be well to include the right to operate between Peruvian ports and foreign ports. I had in mind, however, that it was practically necessary to set up a National Company to hold this concession, and that in that case, of course, no such provision would be necessary.

With reference to operating costs, I would state that we have found that it costs at least 25% more to operate outside the United States on scheduled lines than it does in the States, and that it is unwise to figure on less than one dollar per ship mile for the type of equipment referred to in my letter of December 23rd, attached to the concession. The figure of one dollar will, of course, include proper reserves for full insurance, depreciation and amortization of investment, over a period of four years, which is a reasonable charge to include at this stage of Air Transport developments.

I am leaving in a few minutes for Cuba, and so am forwarding your letter of the 3rd instant, together with other correspondence having to do with this matter, to Mr. Robert W. Atkins, of Hayden, Stone & Co., this City, whom you met when last in New York. Mr. Atkins has said that he would take care of the matter until my return to New York, which I expect will be about January 23rd.

I sincerely hope it will be possible for you to attend the Conference. If so, you can reach me at the Pan American Airways, Inc., office, Sevilla-Biltmore Arcade, Havana, Cuba.



Wishing you the best of luck in Peru, and awaiting further news from you with a great deal of interest, I remain,

Yours very truly,

J. T. Trippes

JTT/s

(Dictated but not read)

cc-RWA

[fol. 2397]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 88

February 21, 1928.

Mr. Edgar N. Gott, President,  
Keystone Aircraft Corporation,  
Bristol, Pa.

Dear Ed:—

Following the receipt by him of your wire of February 5th, Harold Harris cabled me at Havana on the 8th, advising that he and Mrs. Harris were coming over from New Orleans by boat to go over the Peruvian situation.

I spent sometime with him in Havana, describing our expansion plans. In particular, I stressed the hazard of depending, in Latin-American countries, upon Government contracts for revenue. Harris immediately got off a cable to Woolman in Peru, stressing the importance of incorporating in the concession a clause giving his Company the option to deal directly with the public in the sale of Air Mail stamps.

I asked our organization to cooperate with Harris while he was in Havana and requested that they answer any questions he might ask in connection with the operation of Pan American Airways, Inc. I also arranged to give him a pass on the line, in order that he might visit Key West and acquaint himself, at firsthand, with the formalities required to clear aircraft plying between any two countries.

When leaving Havana Harris asked me to forward him a copy of the Cuban contract, as well as other proposed contracts and concessions we have drafted for use in Central America. I have already forwarded him a copy of the Cuban contract, and will forward copies of the others as soon as they are available.

I hope that Harris's trip to Havana was worth while, and I am sure it will have been if he intends to go to Peru before the proposed contract there is concluded, for his visit to Havana and Key West will have clearly indicated the additional difficulties and incidental expenses incurred in operating an International Air Service.

Yours sincerely,

J. T. Trippe,  
President.

JTT

cc-R. F. Hoyt  
cc-R. W. Atkins  
cc-George Mixer  
cc-Harold Harris

(fol. 2398)

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 89

PAN AMERICAN AIRWAYS, INC.

General Offices

100 East 42nd Street, New York City

February 23, 1928.

Mr. Richard F. Hoyt,  
25 Broad Street,  
New York City.

Dear Dick:—

I attach herewith, for your files, copy of a letter addressed to Ed Gott, reporting on Harris's recent conference with me at Havana.

I believe I sold him on the fallacy of depending upon contracts with South American Governments for mail revenue. We have as yet been unable to collect the money due us from the Cuban Government, but expect to have this in within the next few weeks, having made arrangements on my last trip to Havana to have certain other Post Office funds ear-marked in the future for this purpose.

This delay, however, sold Harris more effectively than any other argument that could have been brought up. He accordingly cabled Woolman, who is now in Peru, to attach a rider to the concession he is now attempting to secure, which would permit Huff Daland Dusters, Inc., to sell its service direct to the public.

From reports I received through the State department, Woolman is evidently handling a very delicate situation in Peru to good advantage. Personally, I do not think the first concession he may be able to obtain will be very valuable, but it will be an entering wedge, and, what is more important, will prevent foreign interests from obtaining a foothold in Peru.

Sincerely,

(Sgd.) JUAN TRIPPE

JTT/s  
cc RWA  
cc GM  
Enclosure

[fol. 2399]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 90

(Letterhead of Atlantic, Gulf & Caribbean Airways, Inc.,  
New York City)

[Handwritten notation—File Copy]

April 10, 1928.

Mr. Edgar N. Gott, President,  
Huff, Daland, Dusters, Inc.,  
c/o Keystone Aircraft Corporation,  
Bristol, Pa.

Dear Ed:

I am outlining herewith conversation between Harold Harris, Vice-President of your Company and myself, under date of April 9, 1928, as follows:

I advised Mr. Harris of my conversation with Mr. R. F. Hoyt, the day prior to his recent departure for Colon, during which I developed the fact that the stock interest of Huff Daland Dusters, Inc., and Atlantic, Gulf & Caribbean Airways, Inc., were not identical. I told Mr. Hoyt that I did not see how Atlantic Gulf could properly assist Huff Daland Dusters, Inc., without recompense, in developing an air transport service along the west coast of South America. However, in view of the large stock interest he and his associates had in both Huff Daland Dusters, Inc. and Atlantic Gulf, and also in view of the fact of his expressed desire to include Huff Daland Dusters in the Holding Company—Atlantic Gulf—and especially because of the recent progress made by the Inter-Department Committee designated by the President to develop American Air Transport in the Southern field, I believe, from Atlantic Gulf's point of view, we can now assist Huff Daland Dusters, Inc., in developing the West Coast of South America, recompense for such assistance to be set [fol. 2400] by a representative of Atlantic, Gulf, duly nominated by the Board, and Mr. Hoyt representing the Dusters.

I believe such a plan would be most agreeable to Huff Daland Dusters and, therefore, pending confirmation of same by you, I have outlined to Mr. Harris, in detail, recent developments in Washington.

I told him that I believed the Inter-Department Committee would designate three, and possibly four, foreign transport routes. Furthermore, that the Post Office Department would advertise for air mail service over these routes, provided funds in the amount of approximately \$2,000,000. were apportioned under the recently enacted Kelly-Moses Foreign Air Mail Bill. One of the routes being considered was that along the West Coast of South America from Colon South. The advertisement for bids on these routes might be expected any time within the next several weeks.

I told Mr. Harris that I believed at least one outside American interest was working on the West Coast route, and that if the advertisement for bids on this route were released along with the others, which I hoped would not be the case, that his Company should prepare to place itself immediately in the strongest possible position. I recommended for his consideration the following steps be taken at once:

1. That the advertisement on the West Coast route be delayed, if possible, until after the local concessions in Peru and Possibly Ecuador had been definitely secured.
2. That the name of his Company be changed to West Coast Airways, Inc., instead of Air Operations, Inc.
3. That a survey of the airway between Colon and Valparaiso be prepared. The information now available to [fol. 2401] Harris, as a result of his dusting operations in Peru, would provide most of the information required.
4. That a technical survey be made of this route, including the securing of meteorological information and other pertinent data.
5. That a traffic survey be undertaken to provide full information on the movement of mail, passengers and merchandise over this route.
6. That an economic survey be developed. Such a survey would provide fairly accurate estimated on the operat-

ing costs and revenues of a service installed on this route and of the expected financial returns to be obtained over a period of years.

7. The Peruvian concessions now being negotiated should, if possible, be brought to a conclusion before May 15th. Negotiations should be attempted in Ecuador. A summary of previous operating experience on the West Coast of South America and of concessions secured, should be forwarded immediately, following the results of advertisement for bids.

Much of the technical traffic and economic data required to develop the seven points itemized above, is already available in the Atlantic Gulf office. Mr. Harris can also provide much of the information required in the airway survey from his experience in conducting dusting operations in this territory.

Mr. Woolman will no doubt have his Peruvian concessions definitely tied up before the middle of May. Possibly he may have been able to do something in Ecuador.

If the arrangement outlined herein is agreeable to you, will you please so advise me, in order that Atlantic Gulf may continue to assist in the development of this west coast situation.

[fol. 2402] In the meantime, we will bend every effort to attempt to have the advertisement for this route deferred. From present indications, this would appear to be very difficult. I believe, therefore, that every effort should be made to develop the principle that the present Huff Daland Dusters, Inc., are entitled to this contract, not only because of their experience in this territory, but also because of the work done by them in preparing for actual service over this route.

I await your reply with interest.

With best regards, I remain,

Sincerely,

ATLANTIC GULF & CARIBBEAN AIRWAYS, INC.,

J. T. Trippe,  
President.

JTT:B



[fol. 2403]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 91

April 27, 1928.

## INFORMAL MEMORANDUM REPORT.

On October 3, 1927, when Pan American Airways, Inc., and your Holding Company—Atlantic, Gulf & Caribbean Airways, Inc.,—was organized, your Companies had before them two major undertakings—first, carrying out the provisions of the mail contract between Key West and Havana, previously acquired, and secondly, extending service South to Central and South America.

The Key West—Havana contract required that the first flight over the route with the mails be made on October 19th—sixteen days later. An Airport had to be constructed out of a quagmire at Key West; hangars and passenger stations had to be planned, constructed for and erected; personnel had to be selected and assembled. The Company's Key West Airdrome had to be designated as an Airport of Entry, the first in the United States. Many clearance regulations had to be changed before any regular operation at all on a schedule was possible and, lastly, to build up the reputation of Pan American Airways, Inc., the line had to be operated with safety and regularity and, if possible, at a profit.

This has all been accomplished, and we might say that the first step in the development of your Company is behind us.

No permanent organization for this short route has been attempted. The line has been used to acquire experience in a new field, in operating an International Air Transport Service. Some of the positions in the local operation have been temporarily filled by men unqualified to perform the duties assigned, were it planned to maintain the present organization as such, on a permanent basis. Others have been temporarily assigned to local positions in the Accounting and Traffic Departments, and to acquire the experience necessary for the Company to expand its operations in the International field.

In fact, the entire local operation has been conducted as a laboratory, with the end in view of exploiting the Central and South American Air Transport field.

As soon as scheduled operations on the Key West—Havana Division had been established on a firm basis, my activities were directed to the Company's expansion program. This work was divided into five parts, as follows:

- [fol. 2404] I Creating interest in an American Air Service to South America.
- II Promoting the required subsidy legislation.
- III Assisting the proper officials to designate the routes selected by this Company.
- IV Securing the necessary appropriations.
- V Negotiating remunerative contracts.

I will cover the work done to date, under these headings:

1. Creating interest on the part of our Federal Officials in having an American Company extend its service through Central and South America. —This question was discussed informally with the President's Secretary, members of the Cabinet, and other persons, resulting in the matter coming before the Cabinet last Fall at three successive meetings. The President appointed a Committee to consist of the proper representatives of the various interested Departments, to push this matter and cooperate with any American Company interested in this field.

2. "Promoting the required subsidiary legislation." Any Company contemplating extending service into the Central and South American Field would face competition from subsidized European interests. European Transport Companies can operate at a considerably lower cost than could any American Company employing American personnel and using American equipment produced under our high labor scale. Therefore, there was required legislation that would provide an American Company not only with subsidy in the form of mail contracts, but also a subsidy considerably higher than that enjoyed by the European Transport monopolies—The Latecoere System and Luft Hansa. More-

over, it seemed essential that contracts be made for a longer term than the maximum four-year period permitted under existing postal laws. Many of the foreign contracts extended for a period of ten years. Ten years seemed to be the minimum period possible over which an investment could be reasonably amortized. These facts were discussed with the proper officials.

A Bill was introduced during December by Congressman Clyde Kelly in the House, and Senator George Moses in the Senate. The Bill was not all that could be desired. [fol. 2405] It enabled the Postmaster General, however, to contract with an American Company, on attractive terms, without recourse to competitive bidding and interference, in the award by the Controller General.

Marine mail transportation precedent required that the contractor be paid by the mile or by the pound with a mileage limit. The fact that it was desired to eliminate the competitive bidding feature from the contract, was a difficult matter to contend with. Nevertheless, the Bill embodying this feature was introduced in both Houses, passed and approved by the President on March 8th last.

"3. "With the legislation described, introduced, and apparently to be adopted, the question of what routes would be selected by the Government came up." Pan American Airways, Inc., had been advocating and working on the direct extension of this route to Colon via Yucatan. Interests affiliated with the Ford Motor Company, and supported by some of the transport interests in the United States, advocated an all-land route to Colon, via Mexico City and Guatemala. This Company successfully had approved, by the Inter-Departmental Committee, the routes advocated by it.

The Postmaster General has requested an appropriation of \$2,000,000., which has been approved by the Bureau of the Budget. The route to Colon advocated by this Company has been definitely selected as the first route to be established.

The second route under consideration was a route to Mexico City. Our Government requested permission of the

Mexican Government to operate a service to Mexico City, via Tampico. The route proposed by this Company, together with the Mexican Aviation Company, an American owned Mexican Corporation, with whom we have been jointly developing the situation in Mexico, was selected by the United States Government as the logical route to Mexico City from the United States. The Airway would extend from Brownsville, Texas, and or Matamoros, Mexico, via Tampico, to Mexico City. The Mexican Company referred to has been successfully operating, at a profit, in this territory, without any mail contracts at all, for a period of years.

Pan American Airways, Inc., has also surveyed the West Coast of South America, from Colon South, to Valparaiso, and the North Coast route, from Colon to Trinidad, via Colombia and Venezuela. The Departments had in mind first developing the West Coast route. After studying the surveys developed by this Company, however, they are [fol. 2406] agreeable to first developing the North Coast route. This plan would best fit in with the Huff Daland Dusters, Inc., in which Mr. Hoyt is interested. Huff Daland Dusters, Inc., are attempting to acquire concessions in Peru and Ecuador. These have not as yet been secured and, therefore, Huff Daland Dusters, Inc. have requested us to assist them in having the United States Government delay action on this route.

Provided the schedules recommended by this Company are adopted, appropriations for the first year, of approximately a million and a half, will be required to pay a contractor, at a maximum rate of \$2.00, for service over the three routes described above. The question of appropriation has been discussed with members of the Appropriations Committee, with officials of the Bureau of the Budget and with others. The result of these conferences would indicate that appropriations of at least one and three quarter million dollars will be authorized before May 15th of this year, and available July 1st, 1928.

4. The Post Office Department has recently advised that they do not believe it will be necessary to go through all the mechanics of advertising for bids on the foreign routes

over which service is desired: The Second Assistant Postmaster General, Mr. Glover, has also advised that he will be prepared to negotiate immediately for contracts with such Companies as he believes are best qualified to render efficient service over the routes designated. Informal conferences during the past three weeks have indicated to the Department that a payment of \$2.00 per airplane mile would be considered reasonable, and that the amount of mail required to be carried at this rate would not exceed 1,000 pounds. The Department wishes to cooperate in every way possible.

The itinerary, the schedule, the starting date, and other similar factors, would be developed, by agreement, with the contractor. Moreover, the service could gradually extend over any given route, and payment on a mileage basis can be made for that part of the route actually flown. Furthermore, when peak loads occur, the Department has stated that it would reduce the load, if desired, by arbitrarily forwarding mail to whole countries by boat, or hold them over, or forward them by a second plane, whichever course would be most satisfactory. In short, the Government is most anxious to have the service commence at the earliest possible opportunity, and will cooperate to the utmost to this end with the contractor now best qualified to render the service.

[fol. 2407] \ Thus, four of the five steps set forth have been successfully carried out, viz.,

1—Creating interest in having air service to Central and South America.

2—Assisting in the development of the required Legislation.

3—Selecting the most attractive routes.

4—Insuring of an adequate appropriation.

The fifth—actual negotiation of a remunerative contract—is yet to be carried out.

As indicated, the Company has developed four separate and distinct routes over which it is now practically possible,

I believe, to secure mail contracts, on a long term basis, at a rate which should insure a profit commensurate with the risks involved.

Repeating these four routes, they are, in order:

- 1—Key West and/or Miami to Havana.
- 2—Key West and/or Miami to Colon, via Yucatan.
- 3—Brownsville, via Tampico, to Mexico City.
- 4—The North Coast route from Colon, via Colombia and Venezuela, to Trinidad and the Guianas.

I will take up each separately and outline, informally, the separate Resolutions I will require to develop further this program—for consideration and action by this Board.

1. I would request authority to submit a bid for carrying United States mail on the Key West to Havana line, covering a period of five years. The contract, as advertised, provides that the first-class mail, up to a maximum of 1,500 pounds, must be carried. A provision also is included whereby the Northern Terminal may be moved, by mutual consent of the Government and the contractor, to Miami. The maximum rate that can be bid is \$2.00 per airplane mile. I would propose to bid \$2.00 per mile, but do not believe that I or any other officer authorized to bid, should be tied down to this limit, owing to unforeseen contingencies which might arise. The proposed Resolution, therefore, is not so restricted.

[fol. 2408] Daily Southbound mail revenue available on this route, while operated out of Key West, would be approximately \$228.00, the actual mileage, from Airport to Airport over the route flown being approximately 114 land miles. Under our present contract, we would receive a similar sum for carrying approximately 600 pounds. We have been carrying in excess of 800 pounds, so there will be a loss involved under the new arrangement. Messrs. Glover and Gove, of the Post Office Department, have agreed, however, to throw out, after June 30th of this year, when the new contract goes into effect, all the package matter which we are now carrying as first class mail,



owing to the failure of the Parcel Post treaty with Cuba. The average load will then approximate 400 to 500 pounds, which will be all letter mail and we will have left over 1,000 pounds or more of payload capacity for passengers and express matter.

Furthermore, under the contract as re-advertised, we will not be subject to competitive bidding on rates. We will have a five-year contract and we will have an opportunity of extending the service to Miami at the same mileage rate of \$2.00 per mile. The risk of losing the contract through outside interests submitting a low bid, is negligible, and I believe that we are particularly fortunate in having the contract over this strategic route re-advertised under the new law, particularly so, inasmuch as the new appropriations have not yet been made available.

2. I would request authority to negotiate or to submit a bid for a contract in the name of Pan American Airways, Inc., to carry United States mail between Miami and/or Key West, Florida and Colon, which the Post Office Department wishes to have operated immediately, subject to appropriations being made available. I will outline the situation, with respect to this route. The preliminary work has been divided as follows:

A. Airway—An estimate to cover airway installation costs, including airports, hangars, passenger stations and radio communication facilities has been completed. This work has been done under the direction of Captain Whitbeck. The final estimates submitted by him aggregate \$178,00. The time required is four and one-half months, following definite word to proceed.

B. The Concessions and contracts which would be most remunerative to the Company over a period of years, have been drafted, after careful study of concessions previously secured by other Central and South American Air Transport Companies—as well as the concessions developed to cover cable and radio communication systems. The securing [fol. 2409] of these concessions in Latin America is being handled by Messrs. MacGregor and Bisgood, who have already made considerable progress in this direction.

C. The simplification of clearance procedure. Before any International Air Service could be operated through the seven or eight different countries which a route between the United States and Colon would have to operate over, adequate regulations to cover the clearance of aircraft, passengers and merchandise, must be provided in the United States, in Cuba and Mexico, and also in the various Republics of Central America. This work was started with the full cooperation of the Inter-Departmental Committee and the governing board of the Pan-American Union. The new regulations to cover International Air Clearance should be promulgated by the United States before the first of June. Temporary arrangements with the other Central American powers, it is believed, can be made during the summer months.

Mr. Nagle has been representing this Company, cooperating with the sub-Committee of the Commerce and Treasury Departments, designated by Messrs. MacCracken and Schoeneman. A report by Mr. Nagle can be examined after the meeting—together with the present forms required and the new and simple forms to be adopted.

D. Operating Costs and Revenues.—Estimates of capital investment, operating costs and revenues, have been carefully made. I have had charge of this work, with the assistance of Messrs. Priester and Nagle. The detailed estimates are here, and are now available for inspection by the Board.

The work on this expansion has advanced to a point where it is believed the Company should be prepared to shortly commence actual negotiations with the Post Office Department on a contract. The Government is permitted to pay \$2.00 per mile for transporting mail Southbound, to the Canal Zone. They are also permitted, and are now prepared to pay for carrying American mails Northbound out of Colon over the same route, although, of course, the limited load to be carried would require that the rate paid would be considerably less than \$2.00 maximum. This is the most important item, from the Company's point of view—for back-log mail revenue will be available in both directions.

In this connection, the Board should have in mind that the contract can be negotiated, and only an arrangement that should return a profit commensurate with the risk in [fol. 2410] volved should be considered by Pan American Airways, Inc. If a contract on such a basis cannot be negotiated, then I would recommend that the Company restrict its operations to the present route, which we know will earn a profit, under the present investment.

The Resolution submitted for your consideration would permit of my commencing negotiations with the Government. Of course, no final steps would be taken without going over the matter in detail with the Board.

3. *The route between Texas and Mexico City.* For some months past, we have been investigating this route, with the cooperation of Mr. George Rihl, President of the Mexican Aviation Company. This Company has been operating successfully in Mexico for a number of years, Mr. Rihl having been able to show profits to date without mail contracts. Our Government formally requested permission of the Mexican Government to extend a service under the provisions of the recently enacted Foreign Mail Bill, from Brownsville, via Tampico, to Mexico City. Mr. Rihl took this matter up locally in Mexico City, and about two weeks ago the Mexican Government replied, granting formal permission to the United States to extend such a route.

Last Friday, Mr. Rihl met Mr. Glover in Brownsville, and took him up to Mexico City, where a conference was had with President Calles, Mr. Morrow, and other officials. Mr. Glover is expected to return to Washington tomorrow, when he will formulate the plans of the Department with respect to this route.

With the assistance of Mr. Rihl, we have developed estimates covering capital investments, operating costs and revenues over this route, based on a mileage rate of \$2.00 by the United States Government. From these estimates, it would appear that the route would return a considerable profit on the investment.

The detailed estimates and maps are available for your inspection. The Resolution which I would request of the

Board, would permit me to commence negotiations with the Government. The plan developed for your consideration is: Pan American Airways, Inc., would acquire the outstanding stock of the Mexican Aviation Company, at its Actual present value; charter equipment to this Company, and enter into a contract on some plan, whereby the Mexican Company would operate the service on a guarantee of 6% profit by Pan American, Pan American securing in return the gross profits or losses, if any, from the operation. In this way, the equipment would be held in the name of [fol. 241] Pan American Airways, Inc., an American company; the operation would be conducted by the Mexican Aviation Company, and the taxes to the Mexican Government reduced to a minimum. The Mexican Aviation Company could carry on, under Mexican law, cabotage passenger, mail and express traffic between Mexico City and Tampico, and Tampico and Matamoros.

The Tampico section of the proposed route is now being operated by Mr. Rihl's Mexican Company, mail, under contract with the Mexican Government being carried in both directions. In addition, a considerable volume of passenger traffic has been developed.

I would recommend to the Board this this Company be in a position to negotiate for a contract over this route, with the United States Government if, upon Mr. Glover's return, the Department decides to extend service on this line. The Resolution submitted for your consideration would permit negotiations to be commenced.

4. *North Coast Route.* The Government is particularly anxious to have American Service extend into South America, and particularly so, in view of the impending competition by British, German, Dutch and French interests. This Company has surveyed both the West Coast routes and the route from Colon to Trinidad, along the North Coast.

The results of this work have been submitted to the various interested Departments. The Post Office Department has advised that they will most probably be willing to have

service extended along the North Coast to Trinidad and the Guiana, as far as Paramaribo, on a bi-weekly schedule.

A \$2.00 a mile contract, with the limited U. S. mail load to be carried—from surveys made—would appear to be most attractive. Any such service, of course, would have to be contingent on securing adequate contracts with the Scadta Company, now operating in Colombia, the Colombian Government and the Venezuelan Government.

From previous conferences, it would appear that attractive arrangements could be made with the Scadta Company and the necessary concessions secured with the Two Governments concerned. Negotiations for such arrangements would, of course, require a long period of time, and any contract with the United States Government would have to be contingent on satisfactory arrangements being concluded with these parties.

I would request, therefore, for your consideration, authority to negotiate with the Government to develop this situation, particularly so, inasmuch as a \$2.00 a mile contract on this route would be most attractive and probably could not be had in later years, when a service shall have been extended to Colon.

Were the Board to consider it advisable to negotiate a possible contract at this time, I would recommend that it be held in the name of another Subsidiary Company of your Holding Company—Atlantic Gulf & Caribbean Airways, Inc.

I have outlined herewith the three routes which I would recommend to this Board, the Company look into. I believe Pan American Airways, Inc., is now in a strategical position to tie up the entire Caribbean Sea, in a network of air lines. Many air transport executives have stated they believe such an operation would be attractive, including Mr. C. M. Keyes, Chairman of the Executive Committee of National Air Transport, Inc., Mr. Hanshue, President of the W. A. E., and others.

The financing required to install and operate the Colon route, the Mexico City Route, the projected Santiago Route

extension from Havana, and to develop the North Coast situation, can be made available through the sale of 320,000 shares of Atlantic, Gulf & Caribbean Airway, Inc. stock, at \$6.00 per share. The total additional capital that would then be available for expansion will amount to \$1,920,000.00 over and above our present capital.

Organizing a system of Air Lines around the Caribbean, with three distinct and separate operating divisions, would provide a most efficient operation. A substantial reduction in operating costs will be realized as soon as operations are conducted on such a large scale. The major maintenance base would be provided at one central point—probably Miami—where the major overhauls, at periodic intervals of 700 hours of flying, could be done. A substantial reduction in the spare airplanes and engines required by any one division would also be effected. Large transport airplanes cannot usually be obtained within a period of six months, except through payments of premiums. Airplanes purchased on short notice are not usually fitted up to suit the individual requirements of the airline operator. The time element required to obtain equipment, requires that operating companies provide themselves with additional equipment to meet emergencies over and above the requirements of daily operations.

[fol. 2413] When and if service to Colon is inaugurated, the Cuban Division could be maintained without spare airplanes; the reserve ships held for the longer route would be available on a few hours' notice at Key West or Havana.

In a large operation of the type now under consideration, or, in fact in the permanent operation of the Key West to Havana route, if carried on alone, will require proper organization. A lack of local executive supervision, unassigned responsibility, overlapping of authority and similar sources of trouble, are bound to develop in any airline, unless the permanent organization has been carefully planned to fit the requirements of the operation.

During the past month, I have devoted considerable time to studying the organization, not only of Air Transport Companies in Europe, where large scale operations are



under way, but also to model organizations in the United States, including Mitten Management, Inc., and General Motors Corp. From these studies, I have developed an organization chart, that would best meet the requirements of Pan American Airways, Inc. I will be very glad to go into this matter in detail with any of the Directors, particularly interested.

[fol. 2414]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 92

## COPY

May 7th, 1928.

## MEMORANDUM

Aviation Corporation of America, a Delaware Corporation, was incorporated in May, 1927.

## FINANCIAL STRUCTURE

The authorized capital stock of the Company consists of twenty thousand (20,000) shares of non-voting Convertible 7% Preferred Stock of the par value of \$100. per share, fully paid and non-assessable, convertible to Common Stock on or before December 31st, 1929, on the basis of two shares of Common Stock for each share of Preferred.

Sixty Thousand (60,000) shares of Common Stock, without nominal or par value. (40,000 shares reserved for the sole purpose of conversion into Preferred Stock).

One Thousand (1,000) shares of Management Stock.

The Management Stock is entitled to share equally, as a class, with the Common on any dividends applicable to the Common.

The Management Stock is also entitled to twenty (20) votes.

The Management Stock has been distributed amongst the eleven original incorporators, in lieu of salary or other

compensation; even legal expenses incidental to the organization and developing the Company having been paid in Management Stock.

### PURPOSES OF THE CORPORATION.

1. To supply a proportion (or in some instances, all) of the capital required to finance or refinance any lines or operations the Corporation considers it advisable to develop.

2. To supply the management for the line or operation, taking in return a property equity in the Common Stock of each Company so set up or taken over, and, in addition, a percentage of the gross revenue as compensation for management supplied.

[fol. 2415] 3. To conduct surveys or studies into the Commercial Aviation Field, and submit reports thereon, for its own account and/or on contract for outside interests.

### HISTORY TO DATE

While essentially a Holding and Investment Company, Aviation Corporation of America has already organized and set up two operations, for which a fee has been charged, as follows:

1. Chesapeake Aircraft Company—operating a fixed base service in Baltimore.
2. Atlantic, Gulf & Caribbean Airways, Inc.

In organizing the latter Company, a cash fee of \$7,400.00 was earned, in addition to a bonus of 1,750 shares of stock of the total 80,000 shares outstanding.

The first and only investment of Aviation Corporation of America, was the purchase, at \$5.70 per share, of 39,000 shares of the Capital Stock of this Company (Atlantic, Gulf & Caribbean Airways, Inc.), bringing its total holdings up to 40,750 shares.

Atlantic, Gulf & Caribbean Airways, Inc., owns the total authorized and outstanding stock of Pan American Airways, Inc. (2,000 shares).

Pan American Airways, Inc. has been operating, under contract with the United States and Cuban Governments, an Air Service between Key West, Florida and Havana, Cuba: A brief summary of operating results, by months, of the Key West—Havana Division, is as follows:

### MAIL CARRIED

November	20,373 lbs.	
December	28,005 "	
January	25,076 "	
February	24,512 "	
March	30,982 "	
April	31,695 "	160,543 lbs.

### [fol. 2416] PASSENGERS CARRIED

January	71*	
February	220	
March	148	
April	77	516**

Net income before interest, but after depreciation on Hangars, Passenger Stations, Automobiles, Trucks, Flying Equipment, Furniture and Fixture, and Shop Tools and Equipment, and after amortization of Airport, over a five-year period, and after full insurance reserves, by months, is as follows:

November	loss	\$1,448.35
December	profit	472.92
January	"	797.05
February	"	4,056.75
March	"	6,027.40
April	(figures not yet available)	

During April, the revenue from the transportation of mail and passengers has continued to increase, indicating

\* Service was not inaugurated until January 16th.

\*\* Does not include employees and passengers carried free.

a net profit for the month, after all proper charges, as set forth above; of approximately \$7,100.00.

Working in close cooperation with the United States Government, this Company expects to materially extend the present section now in operation, the Northern Terminal also being moved from Key West to Miami, where a connection will be made with the United States Internal Air Mail Service.

Aviation Corporation of America is offering additional stock, up to \$1,800,000. with which to finance these proposed extensions.

Already there has been paid in, or firmly subscribed, contingent to the securing of subscriptions in the amount of \$1,000,000., the sum of \$750,000.; \$50,000. has been requested by Pittsburgh interests, who have been assisting the Company in its development program, leaving an unsubscribed amount of \$1,000,000.

[fol. 2417] It is proposed to form a Syndicate of four or five individuals or banking houses, to subscribe or underwrite this remaining One Million Dollars, on a basis of one share of Preferred for cash, at par each subscriber to receive a bonus of one share of Common with each share of Preferred.—the basis on which the \$750,000. described above has been subscribed.

As an inducement to the underwriters of this Million Dollars, it is proposed that the Company extend to them an option, for a period of eighteen months from date, to supply, on a similar basis, an additional million Dollars—if required.

Should this, or some similar plan, be carried out, the Company would, of course, increase its authorized capital to provide the additional stock required.

[fol. 2418]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 93

No. 71

Ministry of Government &amp; Police

Lima, May 29, 1928

The Huff Daland Dusters, Inc.

On May 28 the following Supreme Resolution was issued.

In view of the petition presented by the Huff Daland Dusters Inc. which Company was incorporated in the State of Louisiana, United States of America, to establish an air service between Peru and the United States under the conditions it outlined; and in view of the reports issued and considering the proposal convenient, it is hereby resolved to grant permission for the establishment of said air service under the following conditions:

1. This service to include the air transportation of mail, cargo and passengers.
2. The service shall commence at the earliest possible date which shall not be later than one year from the date of this resolution.
3. The Company will have full freedom in the selection of its employees and pilots who will be subject to all of the obligations imposed by law for the residents of the Republic, and that the Company shall agree to use the largest possible number of employees of Peruvian nationality, bearing in mind the class of service which it is required to render in accordance with this Resolution.
4. The Company waives all rights to diplomatic intervention and all differences which may arise under this agreement shall be dealt with by the courts of the Republic.
5. Authorization is granted for the landing of the Company's aircraft at any airport of the State.

[fol. 2419]

6. The Company agrees to cover by insurance all risks in connection with the aircraft, mail, passengers and cargo.
7. The postal service shall be established by the Company in mutual agreement with the Post Office Department of Peru.
8. It is understood tariffs and other necessary conditions in connection with this service shall be approved by the Government, and that the official correspondence shall be carried free of charge, which mail will receive preferential treatment for transportation.
9. In the event of serious internal disturbances, epidemics, or any other public calamity, the aircraft supplies and personnel of the Company will be placed at the disposition of the Government free of charge.
10. In the event of internal war aircraft and supplies of the Company will become the property of the State.
11. The Company shall at an early date submit its articles of incorporation.
12. The Company is required to deposit with the "Caja de Depositos y Consignaciones" within ten days from this date, the sum of One Thousand Peruvian Pounds (1,000 Peruvian pounds) as a guarantee for the fulfillment of its obligations.
13. The Company in view of the nature of the services it is required to perform, will receive preference in clearances over land transportation companies, in the customs houses, post offices and immigration departments of the Republic.
14. Any conditions which may not be covered by this Resolution will be contemplated separately.

To be registered, communicated, and filed.  
Seal of the President of the Republic,



[fol. 2420]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 94

(Seal reading Ministerio de  
R.R. E.E. del Peru—Traducción  
Oficial)

(AUTHORIZED TRANSLATION)

AERIAL MAIL TRANSPORT  
THE GENERAL ADMINISTRATION OF  
POSTS AND TELEGRAPHS OF PERU

—and—

THE HUFF DALAND DUSTERS, INC.

---

In Lima, on the twenty-seventh day of the month of June, in the year nineteen hundred and twenty-eight, in the presence of myself, the Notary Public, and in the presence of the witnesses, Messrs. Francisco A. Esquerre V. and Pedro José González Cueva, the following parties did appear before me, to wit: of the one part, Mister Walter Frederick Ford, a national of Great Britain, and a resident at this Capital, who acts and proceeds in his official and legal capacity of General Administrator of Posts and Telegraphs of Peru and properly authorized therefor as vouched by the testimonials hereinto inserted; and of the other part, Mister Collet E. Woolman, a citizen of the United States of North America, married, and a resident in the State of Louisiana, United States of North America, and at the present a transient resident of this city, acting and proceeding in the name and on behalf of the Huff Daland Dusters, Inc.—a Stock Company incorporated in the territory and under the Laws of the State of Louisiana, United States of North America—acting in his legal capacity and official character as Vice-President of the aforesaid Company, in accordance with, and as shown in, the Power of Attorney and voucher of legal authority, both of which are also inserted hereinto; the two aforementioned parties appearing hereunder are of age, with the proper legal capacity to covenant, intelligent and conversant with the

Spanish language in testimony whereof I hereby give faith; and I moreover do vouch for the fact that both the aforementioned parties hereto have complied with and fulfilled the clauses set forth in Articles thirty-eight to forty-one, [fol. 2421] inclusive, of the Law appertaining to Public Notaryship, and, moreover, that they did hand me the first draft minute of the following with a view to having the contents thereof extended in the legal form of a Public Deed, the same which is hereunder set forth and contained and which is recorded in its respective file under No. 680 and of which I have had the aforesaid contracting parties take cognizance of, also making the same known to the legal and executive witnesses hereof.

MINUTE: Mister Notary: Please extend in your register of Public Deeds, one for the transportation of aerial mail within, and outside the territorial boundaries of the Republic, entered into by, and covenanted between the General Administration of Posts and Telegraphs of Peru, represented by their General Administrator, Mister Walter Frederick Ford and the Huff Daland Dusters, Inc., a Stock Company of the State of Louisiana, United States of North America, and hereinafter to be referred as "Huff Daland", same being represented in this Deed by its Vice-President, Mister C. E. Woolman—in the following terms:

FIRST:—The purpose and object of this Contract is the aerial transportation of mail and other postal matter, the same which shall be effected by the "Huff Daland" in their airplanes along the coastwise line of Peru and outside the boundaries of the national territory, under the terms and conditions hereinafter set forth.

SECOND:—The term of existence of this Contract shall be five years, said term to start from the date whereon the first mail flight shall be made along the aerial route operated and served by the aforesaid Company, it being well understood that the "Huff Daland" undertake to commence the regular service at the quickest possible date; the period of time to elapse previous to its initiation not to exceed one year, commencing from the twenty-eighth day of May, of the year nineteen hundred and twenty-eight. Always pro-

[fol. 2422] vided that the "Huff-Daland" shall have complied with the proper fulfillment of these obligations hereunder assumed, the General Administration of Posts and Telegraphs of Peru will acknowledge and recognize in favor of the aforesaid "Huff-Daland" the legal right to renew this Contract for a fresh term of equal duration (or, in other words, for an additional five years), it being sufficient for the accomplishment of said purpose, that the "Huff Daland", within the period of the seven months immediately preceding the date of expiration of the first period aforesaid, give due notice in writing to the General Administration of Posts and Telegraphs of its decision, in a notarial letter legally witnessed and registered.

THIRD:—The first aerial route to be operated and served by the "Huff Daland" is the Lima-Paita or Lima-Talara Line, including stop-overs along the route in the territories of the Departments of La Libertad and Lambayeque, by way of round trips affected weekly in such a manner and form as to enable the airplanes to catch up with the regular passenger steamers at the Ports of Paita and Talara, plying their traffic between the terminal ports of Callao and New York, and which vessels after sailing from Callao are proceeding en route bound for their port of destination. This said service is to be inaugurated and established within the term of the first year.

In the course of the second year the coastwise service—along the Peruvian maritime territory or seaboard shall be inaugurated and established between the ports of Callao and Mollendo, in such a way as to enable the airplanes to catch up with and reach the steamers of the regular lines at the port of Mollendo, Southern Peru, which said vessels, after having sailed from the port of Callao bound for ports located to the southward of Mollendo, will touch at en route, as per schedule properly arranged. The frequency of these aforesaid services and which is to be based on a minimum fixed and covenanted hereunder, will be left to the discretion [fol. 2423] and judgment of the "Huff Daland"; but it is understood that as soon as the said schedule shall have been established in a permanent form, the aforesaid Huff Daland will constitute under the terms of this Contract,

ordinary services, subject to the conditions and terms hereunder to be determined.

**FOURTH:**—The services rendered by the "Huff-Daland" in accordance with the terms and conditions hereunder and hereinafter set-forth, shall be remunerated in the following manner, to wit: The aforesaid "Huff Daland" to receive as premium for the aerial mail and postal transportation the charge or rate-payment, same which has been proposed by the General Administration of Posts and Telegraphs of Peru, and which said rate or charge has been accepted and is hereunder accepted by the "Huff-Daland", to wit: Fifty cents of one Sol for every twenty grams (avoirdupois) of net weight of mail or postal matter. This toll shall rule, while the terms of the present Contract remain in force, but it is understood that, if in the course of any determined year the receipt of the aforesaid toll or rate should fail to cover the cost of the aforementioned aerial transportation (the said cost to comprise, not only the direct expenses incurred, but, moreover, the administration expenditures involved, as also the general expenses, miscellaneous and other indirect outlay), the General Administration of Posts and Telegraphs, shall undertake the revision of the aforesaid rate or tariff, prior to the examination and audit of the financial statements and balance sheet, accountancy vouchers and other proper testimonials which shall be submitted for the purpose thereof, to the General Administration of Posts and Telegraphs of Peru, in such a manner as be deemed proper and suitable, as to permit the new and revised tariff or toll to yield to the "Huff Daland" an annual amount sufficient to cover and reimburse the aforesaid costs, and, moreover, to enable a liquidation with a net gain or profit of not less than (10%) ten per cent on the [fol. 2424] capital in cash, which it has invested in the aerial mail and postal service of Peru. But it must be understood always, that the amount paid by the General Administration of Posts and Telegraphs of Peru to the "Huff Daland", for the aerial transportation of every twenty grams, of net weight of mail must be equal to the price charged to the public for the forwarding by aerial mail of a letter weighing twenty grams, net. If, on any of the occasions or at any

time whatever, whereon the tariff revision hereinabove stipulated should take place, and notwithstanding the readjustment effected, the "Huff Daland" should continue to lose money during six consecutive months—either on a determined route or service, or on all the aerial services or routes—the aforesaid Company will be entitled to rescind this Contract, be it either with regard to the route which causes the aforementioned loss, or in total, in case that the aforesaid losses should extend to all the aerial services or routes, the aforesaid "Huff Daland" to give notice of the said rescission six months in anticipation to the General Administration of Posts and Telegraphs of Peru, in writing and by addressing a notarial letter to the latter. In this latter case, on the expiration of the aforesaid notice, the aforesaid "Huff Daland" will be free of all liability or obligation derived herefrom and will furthermore be at liberty to remove all elements of work, installations and so forth of its property and ownership.

FIFTH:—The "Huff Daland" will be entitled to intervene in the verification of the weight of all mail or other postal matter to be transported by air and subject to its previous conformity the respective liquidation and payments will be effected, the same to take place monthly.

SIXTH:—It is understood that when the "Huff Daland", during the period wherein the terms of this Contract will be in force, shall implant and establish the aerial transportation services, with fixed schedules from and to the Republic with countries abroad, the General Administration of Posts and Telegraphs, shall use the said services, surrendering to the "Huff Daland" all the mail and postal matter to be transported by air and which same shall be available, and which it shall be practicable and feasible to forward over the aforesaid aerial routes.

The said service shall be subjected to the tariffs and tolls, which same shall have been fixed by common agreement between the General Administration of Posts and Telegraphs of Peru and the "Huff Daland".

SEVENTH:—The transportation of mail and other postal matter shall be effected in accordance with the dispositions.

rules and conventions actually in force, the "Huff Daland" to assume the full responsibility of the mail and other postal matter delivered to them for transportation and delivery. The "Huff Daland" undertakes to pay the indemnities which may arise or be derived, in accordance or compliance with the terms of the Universal Postal Convention.

EIGHTH: The General Administration of Posts and Telegraphs shall be entitled to forward by the airplanes of the "Huff Daland" the official mail, up to a maximum weight of two Kilos for each aerial trip, without constituting thereby any liability or obligation whatsoever on the part of, or on behalf of the State.

NINTH: The "Huff Daland" shall not transport, neither shall it be entitled to transport any mail or postal matter whatsoever, which shall not have been despatched or cleared by the General Post Office, with the exception of the "Huff Daland's" own official mail, which refers to matters of the service proper.

TENTH: Each and every shipment of Peruvian Mail to be effected by the "Huff Daland" per aerial mail transportation shall be accompanied by a way-bill or "bill of lading", stating the total weight of the mail delivered to the aforesaid [fol. 2426] said Company and also the amount payable to the aforesaid "Huff Daland", calculated in conformity with the terms set forth and stipulated in Article Four hereof. The amounts consigned in these way-bills shall be added monthly and the total sum thereof shall be paid immediately and at once to the "Huff Daland", in accordance with the terms set forth in Article Five hereinabove.

ELEVENTH: The "Huff Daland" pledges to undertake and effect each aerial trip between Lima and Paita, or between Lima and Talara with a duration of time not to exceed twelve hours, except in the cases provided in the following clause, hereinafter set forth.

TWELFTH:--The "Huff Daland" shall comply with and fulfill all the terms, periods of time, schedules and obligations whereof are defined hereunder, except in the case of unavoidable and fortuitous delays, properly and duly justi-



fied and explained; likewise cases and circumstances of "force majeure", strikes, lock-outs, acts of war, blockades, accident, etc., and each and every other cause whatsoever, outside the province of its control.

**THIRTEENTH:**—In order to ensure the compliance with, and for the purpose of obtaining all and the entire effects of the present Contract, the contracting parties indicate as their place of residence this Capital, it being understood that the "Huff Daland" pledge themselves to fulfill the stipulations set forth in Article Twenty-one, paragraph eleven of the Code of Commerce.

**FOURTEENTH:**—Any question which may arise between both contracting parties shall necessarily be submitted to the decision or rulings of judges, arbitrators, to be designated, one by each of the contracting parties, and the same to be duly authorized to designate a third arbitrator in case of non-agreement or controversy between them. The said designation shall be made by them after having taken the oath of office and previous to their assuming their functions, which said stipulation, together with the resignation of each and every judicial or extrajudicial proceeding or [fol. 2427] document or legal action against the agreed and approved Award of both the arbitrators or of the judge, shall be duly consigned in the Deed of Compromise which shall be extended, when occasion arises.

**FIFTEENTH:**—The Supreme Resolutions issued in the administrative proceedings taken by the "Huff Daland" in order to obtain the Government's authority for the establishment of this aerial-mail service, form a part as a whole of the present Contract.

Mister Notary, you will please add the required clauses of law; and likewise insert the Supreme Resolutions whereto Clause Fifteen of the present Contract refers and you will kindly forward the respective testimonials and other legal documents to the Mercantile Register of this city.

Lima, on the fourteenth day of June, in the year nineteen hundred and twenty-eight.—W. F. Ford.—C. E. Woolman.

*Note extracted from the Minute:* No impost or tax will be

charged. Lima, twenty-seventh of June, nineteen hundred and twenty-eight.

For the Company charged with the Administration of Revenue, Stock Company.—T. Zapata B., Chief of the Department.—A seal is affixed.

*Inserted—Supreme Resolution.*—In Lima, on the twenty-eighth of May, in the year nineteen hundred and twenty-eight.

"Whereas, the application submitted by the Stock Company of the State of Louisiana, in the territory of the United States of North America, "The Huff Daland Dusters, Inc." requests authority for the establishment and operation of an aerial mail service between Peru and the United States of America under the terms and conditions therein set forth and specified; Taking into consideration the reports issued and judging the proposition suitable:

It is Resolved: To grant authorization for the establishment of the said aerial mail service, under the following conditions:

FIRST:—The said service shall comprise the aerial transportation of mail freight and passengers.

[fol. 242] SECOND:—The aforesaid service shall commence at the shortest possible date, the period to elapse previous to its initiation not to exceed one year, starting from the date of this Resolution.

THIRD:—The Company shall be at liberty to select its employees and airmen, the latter to be subjected to all the obligations imposed by the Laws to the inhabitants of the Republic, the Company, however, undertaking to utilize the services of the great majority of its personnel composed of nationals of Peru, taking into consideration the kind of services which it pledges itself to render, in accordance with the terms of this Resolution.

FOURTH:—The Company resigns and foregoes the privilege or right to appeal to all and to any kind of diplomatic intervention or interference, and the controversies or dif-

ferences which might later arise to be settled in the Tribunals of the Republic.

**FIFTH:**—The Company is hereby authorized to have its airplanes land in any airfield whatsoever of the State.

**SIXTH:**—The Company pledges itself to undertake the service of Life Insurance and Insurance against accidents, by taking out policies of Insurance covering every and all risks to which are subject the airplanes, the mail, passengers and freight.

**SEVENTH:**—The aerial mail and postal service shall be established by the Company, the latter to proceed in common agreement with the General Administration of Posts and Telegraphs and Radio of Peru.

**EIGHTH:**—It is hereby understood that the tariffs or rates and other conditions necessary for the carrying out of the aforesaid service will require the Government's approval, it being furthermore understood hereunder, that all official mail and postal matter will be transported and delivered, free of all charge, and moreover that the Company at all times, and under all and any circumstance or circumstances whatever, undertakes to grant to the latter [fol. 2429] full priority and preference with regard to the transportation and delivery thereof.

**NINTH:**—In the case of serious public and domestic disturbances or disorders, or in the case of any other national calamity whatever, the airplanes, elements, accessories of the Company's property, likewise the Company's personnel or employees, shall be placed entirely at the Government's disposal, free of charge.

**TENTH:**—In the case of international war, the airplanes and all other material of the Company's property, shall be taken over by the State, and considered as the latter's property.

**ELEVETH:**—The Company does hereby pledge itself to present or submit from time to time as required, or whenever required, the Deed of its legal constitution or of its mercantile incorporation as a Company.

**TWELFTH:**—The Company hereby agrees and does pledge itself to deposit in the Caja de Depósitos y Consignaciones, within the term of ten days, commencing from this present date, a sum of Lp.1,000.—(One Thousand Peruvian pounds) in cash, as a pledge or guarantee for the fulfillment of all its obligations or liabilities assumed hereunder.

**THIRTEENTH:**—The Company, by merit of its character and by reason of the nature of those services whereof it undertakes to render to the State and public, will enjoy full priority and preference over every and all other Companies of land transportation, with regard to clearance by the Custom House, Postal and Public Health Departments of the Republic.

**FOURTEENTH:**—The conditions which are not comprised within the terms of the present Resolution, shall be contemplated separately. Let the above be registered and duly make known and recorded in the official archives.—Initialed by the President of the Republic. Signed: Rubio. Further.—*Supreme Resolution.* Lima, on the fourth of June, in the year nineteen hundred and twenty-eight.

[fol. 2430] Following the reading and consideration of the Contract covenanted between the General Administration of Posts and Telegraphs of the Republic and the Huff Daland Dusters, Inc., for the aerial transportation of mail and other postal matter, by merit or the authority granted in provisos seven and eight contained in the Supreme Resolution issued on the twenty-eighth day of last May, whereby the service of aerial transportation of mail passengers and freight established between Peru and the United States of North America, and having been duly set forth and contemplated in the aforesaid Contract the precise needs required for the safe and secure transportation of the mails and other postal matter.—It is resolved:

To approve the Contract covenanted between the General Administration of Posts and Telegraphs of Peru and the Huff Daland Dusters, Inc., for the aerial transportation of the mails and postal matter, consisting of fifteen clauses, the text whereof shall be added to the present Resolution.

as soon as the Contract referred to shall have been extended and recorded in the form of a Public Deed.—Let the above be registered. Initialed by the President of the Republic.—Signed: Rubio.

Power of Attorney.—Authorized translation.—Let it be known unto all by these presents, that the undersigned, the Huff Daland Dusters, Inc., which is a Corporation organized and carrying on business in accordance with and under the Laws of the State of Delaware, United States of North America, and having their principal place of business or head office located in Monroe, State of Louisiana, United States of North America, does make, constitute and appoint Collet E. Woolman really and entirely their legal representative, in order that the aforesaid representative may, on their behalf and in their name, and likewise for their account and in their own representation covenant a [fol. 2431] contract with the Republic of Peru, or with the citizens thereof, or with any person or persons, firm or firms, association or corporation, residing, located or duly qualified in the aforesaid Republic of Peru, for the sale of, and in connection with the sale of airplanes, spare parts, accessories and aerial equipment, concessions for aerial mail transportation (both with regard to the transport of passengers and express or freight, and also dusting by airplanes, subject to the approval by the Head Office of the Huff Daland Dusters, Inc.

In Testimony Whereof, the undersigned did execute and seal this testimonial of Power of Attorney on this, the thirteenth day of February, of the year nineteen hundred and twenty-eight.

Huff Daland Dusters, Inc., per p. Edgard N. Gott, President; witnessed by L. W. Townsend, Treasurer.—Signatures. The corporate seal of the Company.

State of Pennsylvania, Bucks County.

On the thirteenth day of February, in the year nineteen hundred and twenty-eight of our Lord, in my presence, the undersigned Notary Public, properly commissioned by the State of Pennsylvania, residing in Bristol in Bucks County,

Pennsylvania, did appear Edgard N. Gott, President of the Huff Daland Dusters, Inc., and having been duly sworn, he did state and declare that the seal fixed on the attached document is the official seal or the corporate seal of the aforesaid Corporation and that the said seal was properly affixed thereto, and also stated that the aforesaid document was handed in by Edgard N. Gott, the President of the aforementioned Corporation, in the character of, and actually being an act of the said Corporation, and also that the names of Edgard N. Gott, President, and of L. W. Townsend, the Treasurer, both of whom signed the said document, in testimony of its proper execution and consequent delivery, are really and truly of their respective hand and writing. Edgard N. Gott, President.—Signature.

[fol. 2432] Sworn and signed by me on the day and in the year aforementioned. M. Adelia Wright, Notary Public, his signature and notarial seal, State of Pennsylvania.—Bucks County.—Signature and seal.

I, the undersigned, William R. Yardley, Proto Notary of the County of Bucks, and also Secretary of the Court for the aforesaid County, the said Court being a Court of Registry, the decrees and laws of which are attested to by a seal,—hereby declare and certify that M. Adelia Wright, in whose presence the foregoing testimony was taken and heard, and who signs his name in the certificate of proof or testimonial, in acknowledgment of the attached instrument's legality, is really and truly a Notary Public duly authorized to act in the, and on behalf of, the aforementioned County, and who resides therein; I do, moreover, state and certify that the aforesaid Notary has been duly and properly commissioned and sworn by the Laws of the said State of Pennsylvania, in order to enable him to take, receive and certify the legality of affidavits and also the acknowledgment and legal recognition of testimonies, proofs and deeds appertaining to Contracts or Covenants, transfers or legacies, legal bequests and other legal instruments which have to be registered and filed in the aforesaid State, and I furthermore say and declare that I am properly convinced that the handwriting therein contained is really and truly that of the aforementioned Notary Public and



that I really believe that the signature affixed at the foot of the referred certificate of proof and testimony or acknowledgment, is genuine.

In testimony whereof, I herein sign with my own handwriting and do stamp same with the official seal in Doylestown, Bucks County, State of Pennsylvania, on this twentieth day of February, in the year of our Lord, Nineteen hundred and twenty-eight.

William R. Yardley, Secretary of the County Court.

Signature of the undersigned and County seal.

Consulate of Peru in Philadelphia.—The undersigned Consul [fol. 2433] sul of Peru hereby certifies: That Mister William E. Yardley, who authorizes the attached document, did legally exercise on the date therein set forth, the functions and duties of Proto-Notary of Doylestown, Bucks County, State of Pennsylvania, and did in the aforesaid capacity authorize the said Power issued by Messrs. Huff Daland Dusters, Incorporated, of Bristol, in favour of Mr. Collet E. Woolman, of Monroe, in order that the latter may represent them in Peru, and I moreover certify that the signature and the seal which appear in the aforesaid document as their own, are really and truly those that they accustom to use in their official acts and deeds.

In testimony whereof, the undersigned Consul of Peru extends the present certification, under the Consular Seal of the Peruvian Republic, in the City of Philadelphia, on this first day of March, in the year of our Lord, nineteen hundred and twenty-eight. Signed: Enrique Marniott.—Consul General to Peru. The Consular Seal.

Order Number, one hundred and eighty; Tariff Number, forty-nine; taxes and fees charged, two dollars, U. S. cy. A Peruvian stamp of the Consular service, of the value of two sols, duly cancelled with the Seal of the Consulate General.

The foregoing is a true and faithful translation of its original text. Lima, March twenty-third of the year nineteen hundred and twenty-eight.—Signed: Carlos Solari.—Interpreter of the State.—Authorized translation.

On a printed form blank of those used by the "West Coast Cables Company of America". Office of Origin being Bristol, Penn.—Number of words: forty-one.—Date: Twenty-third.—Weekly cable letter. Forwarded and addressed to Hudadus.—Lima.—We hereby confirm that we authorize you to sign in our name and behalf in conformity with the Power of representation extended on the thirteenth day of February, the Contract for aerial mail with Marconi and rights for dusting to be covenanted with the Govern-[fol. 2434] ment of Peru.—Huff Daland Duster.—Gott, President.—Auerbach, Secretary.—The foregoing is a faithful translation. Lima, twenty-fifth of June, in the year nineteen hundred and twenty-eight.—Carlos Solari.—Interpreter of the State.

An official seal of Translations.

CONCLUSION.—Following the legalization of the foregoing instrument, I instructed the makers of the deed of its object and purpose by reading to them and in their presence the whole of the text therein set forth, and with the full attendance of all the aforesaid witnesses, following upon which they, one and all, did ratify the contents thereof, of which I give faith, and the aforesaid witnesses and makers of the deed, did sign, as follows:—W. F. Ford.—C. E. Woolman.—F. A. Esquerre V.—Agustin Rivero, Notary.

Marginal Observation.

A first testimony was extended and issued on the twenty-eighth of June of nineteen hundred and twenty-eight, upon request of the interested parties.

ANOTHER MARGINAL OBSERVATION.

A second testimony was extended and issued on the thirtieth of June of nineteen hundred and twenty-eight, by request of interested parties.

A FURTHER MARGINAL OBSERVATION.

A third testimony was extended and issued on the second day of July of nineteen hundred and twenty-eight, by request of an interested party.

*This fourth testimony is in full accord and agreement with the original Deed to which it bears reference and which is contained on folio four thousand three hundred and eleven overleaf, of my current Register of Public Deeds, corresponding to the present two-year period of nineteen hundred and twenty-seven and nineteen hundred and twenty-eight. And upon request of an interested party I extend and issue [fol. 2435] same, the text whereof is set forth on seventeen useful leaves, the same which, previously and properly confronted and corrected in conformity with the decrees of Law, I initial, sign, mark and seal in Lima, on the twenty-ninth day of the month of September, in the year of our Lord nineteen hundred and twenty-eight. Taxes: One Sol the first sheet and forty cents of a Sol for each of the following sheets.*

Between lines: Postal-signed.

Agustín Rivero,  
(Notarial Seal here)

Es traducción fiel.

Lima, 8 de Octubre, 1928

(f'do.) Carlos Solari,  
Intérprete del Estado.

(Seal reading:—  
Ministerio de R.R.EE. del Peru  
Traducción Oficial)

[fol. 2436]

PAN-AMERICAN WORLD AIRWAYS, INC. EXHIBIT 95

# ADVERTISEMENT FOR FOREIGN AIR MAIL SERVICE

POST OFFICE DEPARTMENT

Washington, D.C., May 31, 1928.

Sealed proposals will be received at the Office of the Second Assistant Postmaster General until 12:00 o'clock noon July 2, 1928, for carrying United States mail by air for a term of ten years to begin not later than six months after

award of contract on the following described route by a schedule satisfactory to the Postmaster General of not less than eighty miles per hour in safe and suitable aircraft:

From Key West, Florida, (or such other point in the United States as may be designated by the Post Office Department) by Havana, Cuba, Merida, Mexico, Bolizo, British Honduras, Tegucigalpa, Republic of Honduras, Managua, Nicaragua, San Jose, Costa Rica, (or such other points in these countries as may be acceptable to their Governments) to Cristobal, Canal Zone, and from Cristobal, Canal Zone, to Key West, Florida, (or such other point as may be designated) 7 times a week. On the return trip from the Canal Zone payment will be based on the direct distance from Cristobal to Key West or such other point in the United States as may be designated. The Postmaster General reserves the right to include Guatemala and Salvador in this route if it should be desired at a later date, stops to be made at such cities in these countries as may be acceptable to their Governments.

The Post Office Department may require three-motored planes or such other requirement as may be necessary on this route. The maximum mail load required shall not exceed 800 pounds per trip.

The Department also reserves the right to increase or decrease the number of intermediate stops, or the number of trips per week, and to change the termini of the route, to despatch mail on any plane of the contractor flown over the route, and to modify or change the schedule as the needs of the service require. Approximate mileage subject to correction, 1,640 miles. Bond required with bid \$25,000.00.

Service on this route may be extended at the option of the Post Office Department from Cristobal, Canal Zone, by Cartagena, Colombia, Maracaibo, Venezuela, Curacao, D. W. I., La Guaira (Puerto Caracas), Venezuela, Port of Spain, Trinidad, Georgetown, British Guiana, to Paramaribo, Dutch Guiana (Surinam), 3 times a week, one way.

## INSTRUCTIONS AND INFORMATION FOR BIDDERS.

Proposals submitted in response to this advertisement will be subject to the Postal Laws and Regulations and to the conditions and requirements set forth in the instructions to bidders, copies of which, together with blank forms of proposal and accompanying bond, can be obtained from the Second Assistant Postmaster General, Division of Foreign [fol. 2437] Mails, Washington, D. C. or from the Postmaster at the office where this circular is posted.

The Act of March 8, 1928, under which authority this advertisement is issued, states the rate to be paid for this service shall not exceed two dollars (\$2.00) per mile. No bid, therefore, will be accepted at a sum greater than this maximum rate established by law.

Decision as to award of contract will be made as soon as practicable after July 2, 1928, and the accepted bidder will be required to execute the formal contract prescribed by the Department covering service advertised with good and sufficient sureties acceptable to the Postmaster General, and file such contract within thirty days from date of acceptance of the proposal. The Postmaster General reserves the right to reject any and all bids.

The contractor will be required to receive and deliver mails at each post office on the route.

The contract may be terminated by Congress, or by the Postmaster General whenever, in his judgment, the interests of the Postal Service shall so require, in which latter event the contractor shall be allowed as full indemnity one month's extra pay, provided such termination is not due to delinquency on part of contractor or his agents.

Bidders should state the number of planes it is proposed to provide for carrying the mails on the route (including the number in reserve for each plane in the air); description of planes, showing speed, cruising radius, number of motors and horse-power thereof.

Bidders and their sureties are urged to acquaint themselves fully with the laws of Congress relating to contracts for carrying the mails (the more important provisions of

which are cited herein) and to familiarize themselves with requirements set forth in this advertisement and with the service to be performed, before they assume any liability as bidders or sureties, so as to prevent misapprehension or cause of complaint thereafter.

Bidders on this route should be familiar with the flying over such a course and be prepared, if award of contract is made, to handle such type of service.

The contractor must make his own arrangements for landing fields, lighthouses, radio stations and such other aids to navigation as may be necessary for the proper performance of the service.

The number of trips per day or week may be increased or decreased, if the needs of the service demand.

All proposals must be in the form prescribed by the Department and accompanied by a bond, in the sum above stated, with two or more individual sureties approved by a postmaster of the first, second or third class, which bond must be acceptable to the Postmaster General, such sureties to be shown to be owners of real estate valued above all encumbrances at an amount double the amount of the bond required; or a surety company which has complied with the provisions of the acts approved August 13, 1894, and March 23, 1910. A list of such surety companies may be found on Page 55 of the Official Postal Guide for July, 1927, a copy of which is furnished each postmaster.

[fol. 2438] \*If the accepted bidder fails to file a properly executed formal contract for the service in the Department within thirty days from the date of acceptance of the bid, or having executed the contract fails to provide the service required, he may be declared a failing bidder or contractor and proceedings taken according to law.

Mail compartments in all planes to be made fireproof to the satisfaction of the Post Office Department.

The contract for the service shall contain the following covenant:



The contractor expressly warrants that he has employed no third person to solicit or obtain this contract in his behalf, or to cause or to procure the same to be obtained upon compensation in any way contingent, in whole or in part, upon such procurement; and that he has not paid, or promised or agreed to pay to any third person, on consideration of such procurement, or in compensation for services in connection therewith, any brokerage, commission or percentage; and that all money payable to him hereunder is free from obligation to any other person for services rendered, or supposed to have been rendered, in the procurement of this contract. He further agrees that any breach of this warranty shall constitute adequate cause for the annulment of this contract by the United States, and that the United States may retain to its own use from any sums due or to become due thereunder an amount equal to any brokerage, commission or percentage so paid, or agreed to be paid.

No compensation will be allowed for trips not performed. However, pro rata pay will be allowed for the airline distance between stated points on the route traversed in a partially completed trip, if no delay in the mails over train or boat service has resulted.

Deductions from pay will be made for suffering the mails to become wet, injured or destroyed; or when a grade of service is rendered inferior to that stipulated in the contract; and for the loss of or depredation upon the mails in the custody of the contractor or his agent, provided the loss is occasioned by their fault.

The Postmaster General may annul the contract or impose forfeitures, in his discretion, for repeated failures or for failure to perform service according to contract; for violating the Postal Laws and Regulations; for disobeying instructions of the Post Office Department; for subletting service without the consent of the Postmaster General, or assigning or transferring the contract; for combining to prevent others from bidding for the performance of postal service, and such annulment shall not impair the right of the Department to claim damages from the contractor and his sureties.

Assignments of contracts or of interests in contracts are forbidden by law, and consequently cannot be allowed. Neither can bids nor interest in bids be transferred or assigned to other parties. Bidders will therefore take notice that they will be expected to provide the service awarded to them through the whole contract term.

Contractors under this advertisement may be permitted to sublet service to acceptable persons, by permission of the Postmaster General, at not less than the contract rate of pay.

When a bid is signed by an incorporated company, it should be accompanied by evidence of the authority of the person signing the bid so to sign on behalf of the company. Such evidence may be a certified copy of the proceedings pursuant to which the person was elected or appointed an officer or agent of the company and that part of the by-laws showing his authority as such officer or agent to sign the [fol. 2439] bid; or a certified copy of a resolution of the board of directors or stockholders conferring such authority upon him.

Bids should be for service as stated in the advertisement.

A proposal altered in any of its essential terms cannot be considered in competition with bids submitted in proper form.

Bids should be forwarded in time to reach the office of the Second Assistant Postmaster General not later than 12 o'clock noon, July 2, 1928. Bids received after that time will not be considered in competition with bids received within the proscribed time.

Bids should be sent in sealed envelopes, *subscribed* "Airmail Proposal" and addressed to the "Second Assistant Postmaster General, Post Office Department, Washington, D. C."

HARRY S. NEW,  
Postmaster General.

[fol. 2440]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 96

(COPY)

Lima, Peru,  
June 3th, 1928.

Dear H. &amp; I.:-

Well as I wrote you last week we got the permit signed and tried to get Ford of Marconi to sign a provisional contract previously to the signature being affixed but were not successful in this so drew up a contract which we presented as soon as the permit was signed. This was accepted by him as we had already worked out the details of it. He submitted it to their attorneys and then drew it up as a supreme resolution which went to the Minister to be presented for the signature of the President. We had limited the free gov. mail to one Kilo but the Min. held out for two Kilos. We then had to redraw it but had it back in the Minister's hands Friday and asked that it be sent at once to the Pres. You see the Ger. and Fawcetts permits were to be signed Monday so speed was necessary.

The Pres. had several functions Sat. so it could not be sent but last night we went to see the Min. and had his promise that it (the contract) would be signed at the Acquerdo Monday night and that he would call me and tell me when it was done. Well I sat by the phone and about 10 P.M. I got the call and they had not had the Acquerdo with the Pres. but that it should be signed today. Well maybe it will be.

If we succeed in getting the contract signed at this meeting we will be closed with Marconi on the same day that the Ger. and Fawcett get their permission to contract if they can. But as the contract is drawn there is little left to contract and we have the right to take over any line they present at the same figure they offer or under the same conditions. This refers to lines other than the coast wise lines mentioned in our contract. Unless the Pres. balks at this we will have virtually the exclusive air mail of Peru.

I wrote you that the Germans were in Ecuador, and also sent you a wire to this effect. I hope you have taken the proper steps to have our State Dept. to request them to hold up until we can make them a proposition. This was the intent of the wire. If the contract is signed today we will have to put up at once 1000 LP as guarantee on the contract. However, will wire you.

Except for the fact that I've been promised so many things, I'd think the contract is closed. As it is, I'll believe it when the ink dries on the last signature.

If signed ahead of the others we should open up the guns on Colombia AT ONCE and should hit Ecuador without delay.

8:30 P.M.

The Minister was not able to hold the aquerdo this A.M. but is expecting to meet the Pres. tonight and will inform me by phone as soon as the meeting is over, what has transpired.

[fol. 244] PHONE JUST RANG AND THE MINISTER STATES THAT THE CONTRACT WITH MARCONI HAS BEEN SIGNED SEALED AND DELIVERED. WILL FORWARD A COPY WITH THIS LETTER AND AM STARTING TO TOWN NOW TO SEND THE EX-CLOSED CABLE.

The permit simply gave us the right to fly and to contract for the carrying of mail but this gives us what is exclusive mail rights in Peru.

At 11 P.M. I went to a reception for the new Ambassador Moore and of course told Acting Amb. Hanna and the other officials about the closing of the contract. A shout went up and we all repaired to the punch bowl. It's been a tight fight and they have all been mighty interested in the outcome.

By the way, after the permit was granted, news of same evidently got to Washington, for a couple of days later the papers carried a two-column headline that the 2nd Post

master at Washington stated that Huff Daland had no contract for carrying mail to the U.S. This was great stuff for the opposition and believe me they used it. Mr. Fülger of the United Press cabled N.Y. to interview Hoyt and get a statement that PanAm had such a contract and that we were related companies. Well, the story came back that Pres. Gott of Keyplanes had been interviewed and that they were interested in a way, but that it was for some distant date in the future. WELL, this wasn't much help so we killed the story and got the information regarding our connections to the Minister and Pres. and let the public think what they pleased. The Marconi Co. were also informed, but the story came out just when we were trying to close with Marconi, and one of the chief arguments with them that we used was that only we and not the Germans could get into the Canal Zone and that we were going on into the States. I think the Postmaster ought to be burned up on such a boneheaded statement, as it might have raised hell with us, and the State Dept. was certainly informed of the connection. To date no statement clarifying the situation has appeared.

Must get this off, and a wire for the Lp. 1000, which we must post as a guarantee for the Permit. This must be posted within 10 days of the granting of the permit, which was granted on the 28th of May. I did not want to post this amt. until I saw the contract with the Marconi closed.

Must stop for now.

Sincerely,

C.E.

[fol. 2442]

[Emblem]

KEYSTONE AIRCRAFT CORPORATION  
Bristol, Pa.

IN REPLY REFER TO A-2933

June 19, 1929

Mr. Robert Atkins,  
c/o Hayden, Stone & Co.,  
25 Broad Street,  
New York, N. Y.

Dear Bobby:

We enclose herewith copy of letter received on even date from Mr. Woolman, at Lima, dated June 5th, for your information.

You will note, from reading this over, that it is Woolman's judgment that the operations of the line be started as soon as possible.

Yours very truly,

EDGAR N. GOTT  
Edgar N. Gott,  
President.

ENG/D

Encl.



[fol. 2443]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 97

[Handwritten notation—File—Huff Daland—P.A.A.]

June 26th, 1928.

## M E M O R A N D U M

To: Mr. J. T. Trippe

From: P.E.D. Nagle

*Subject*

General Concession and Special Air Mail Contract—Peru.

We have never received a complete copy of the concession secured from the Peruvian Government by Woolman. Reports through the State Department and the press indicate that he got a long time concession with freedom from duties and taxes, and the right to condemn land for fields, and in general, carry on a passenger, express, and other air service business.

So far as the right to sell stamps or carry mails was concerned, he was given no authority in the concession, except that he might make such arrangements with the Post Office as could be agreed upon.

Woolman made a contract with the Marconi Company, which operates the Posts and Telegraphs and Radio of Peru, and got this signed hurriedly in order to shut off the German Company from getting any mail contract. The present contract gives him the exclusive right to carry International mails and a preferential right to carry any and all other mails. He is to be informed of any proposal made to the Post Office by any competitor, and then has six months in which to decide whether he will render the service on the same terms. I think this blocks completely any competition if the Huff Daland wishes to do so.

From a financial standpoint, I feel that the present contract, as written, offers very little to the Huff Daland. In the first year he would get only one load and that is between Lima and Paita, although, since he is to call at two intermediate

points, the business might be worked up to provide a return load and some local business.

[fol. 2444] The second year he is to operate from Lima to Mollendo, covering in this way the entire Coast of Peru.

The restrictive feature that he accepted, and that I think he did through not understanding the concession form we sent him, was to agree not to carry any mail except what the Post Office gave him, and to permit the Post Office to charge the Public the same rate they paid him.

The W. R. Grace and Company have very large interests in Peru, not only in the way of steamship transportation, but as general merchandising agents and as operators of sugar and cotton plantations and factories. In view of the interest they have already shown in aviation in South America, it might be possible to bring them into the picture in some way in Peru.

/s/ P. E. D. NAGLE  
P. E. D. Nagle.

PEDN/J

[fol. 2445]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 98

## AIR MAIL ROUTE PROPOSAL, BOND AND OATH

[Handwritten notation—7/2/28] •

I, the undersigned PAN AMERICAN AIRWAYS, INC., of New York City, State of New York, propose to carry all mail offered, as covered in the advertisement, by airplane (or seaplane) subject to the Postal Laws and Regulations and the instructions to bidders, for a term of ten years to begin not later than six months after the award of contract, on the route from Key West, Florida, (or such other point in the United States as may be designated by the Post Office Department) by Havana, Cuba, Merida, Mexico, Belize, British Honduras, Tegucigalpa, Republic of Honduras, Managua, Nicaragua, San Jose, Costa Rica, (or such other points in these countries as may be acceptable to their

Governments) to Cristobal, Canal Zone, and from Cristobal, Canal Zone, to Key West, Florida, (or such other point as may be designated) 7 times a week, as described in the advertisement of the Postmaster General dated May 31, 1928, on a schedule satisfactory to the Postmaster General.

For the term of the proposed contract at Two dollars per mile.

I propose to furnish the equipment specified below: Number of planes at least 10, of which number six will be in use on the trips contemplated by the contract to be executed pursuant to this proposal and at least four held in reserve. Type of plane Cabin Transport built in U.S.; Construction (American or foreign) American. Horsepower 1650, 1240 or 800; speed 130 or more miles per hour; cruising radius at least 600 miles; number of motors three.

PAN AMERICAN AIRWAYS, INC.

By:

(Sgd) J. T. TRIPPE

President

(SEAL)

E. S. Swaggerty  
Notary Public

Attest:

(Sgd) H. PRESTON MORRIS  
Secy.

(Sgd) J. T. TRIPPE, Pres.  
(PAA Corp)

SEAL

This proposal is made in my own interest, and not by me as the representative of another person or company, and with full knowledge of the distance over the route, the weight of the mail to be carried, and all other particulars in reference to the route and service, and, also, after careful examination of the forms and instructions attached to said advertisement, and if accepted, I will enter into contract,

with sureties to be approved by the Postmaster General, within thirty days after date of acceptance, and will give my personal supervision to the performance of the service. [fol. 2446] And I do swear that I have the ability pecuniarily to fulfill my obligation as such bidder; that this bid is made in good faith and with the intention to enter into contract; and perform the service in case said bid shall be accepted.

And we PAN AMERICAN AIRWAYS, Inc., as bidder and principal, are held and firmly bound unto the United States of America in the just and full sum of twenty-five thousand dollars (\$25,000) lawful money of the United States, to be paid to the United States of America or its duly appointed or authorized officer or officers; to the payment of which, well and truly to be made and done, we bind ourselves, our heirs, executors, and administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, by an act of Congress approved June 23, 1874, entitled "An Act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1875, and for other purposes," it is provided; "That every proposal for carrying the mail shall be accompanied by the bond of the bidder, with sureties approved by a postmaster," in pursuance whereof and in compliance with the provisions of said law, this bond is made and executed, subject to all the terms, conditions and remedies thereon, in the said act provided and prescribed, to accompany the foregoing proposal of the said bidder.

*Air Mail Proposal, Bond and Oath Page 2.*

NOW, THE CONDITION OF THE SAID OBLIGATION IS SUCH, that if the said bidder, as aforesaid, shall within thirty days of the date of acceptance of said bid, enter into a contract with the United States of America, with good and sufficient sureties to be approved by the Postmaster General, to perform the service proposed in his said bid, and further shall perform said service according to his contract, then this obligation shall be void; otherwise to be in full force and obligation in law.

In lieu of surety bond we hand you attached herewith twenty-five thousand (\$25,000.00) United States 4th Liberty Loan of the following serial numbers with October 15th and subsequent coupons attached:

No. K 00091960 \$10,000.00

D 00002934 \$10,000.00

K 00029920 \$ 5,000.00

Very truly yours,

PAN AMERICAN AIRWAYS, INC.

By:

(Sgd) J. T. TRIPPE

President

PAA Corp.

(SEAL)

Attest: ROBERT G. THACH  
Ass't Secretary

[fol. 2447] IN WITNESS WHEREOF, we have hereunto set our hand and seal this 2nd day of July 1928.

PAN AMERICAN AIRWAYS, INC.

By:

J. T. TRIPPE, Pres

Bidder and principal: .....

(SEAL)

Attest: J. T. Trippe, Pres. (SEAL)

Robert G. Thach, Asst. Secretary (SEAL)

PAA Corp

(SEAL)

Witness:

P. E. D. Nagle

John A. Hambleton

DISTRICT OF COLUMBIA )  
 ) ss.  
 )

On this 2nd day of July, 1928, personally appeared before me J. T. Trippé, President of Pan American Airways, Inc. bidder in the foregoing proposal and principal in the foregoing bond, me known to be the persons so named in said proposal and bond, and who have executed the same as such, who, being by me duly sworn, deposes and says, and he has signed and sealed the within proposal and bond and each and every of the foregoing statements is true to the best of his knowledge and belief. (Sgd) J. T. Trippé

Subscribed and sworn to before me this 2nd day of July, 1928.

Edith M. Stevens  
 Notary Public, D. C.

(SEAL)

STATE OF NEW YORK, )  
 ) ss.:  
 COUNTY OF NEW YORK, )

On this 2nd day of July, in the year 1928, before me personally came J. T. Trippé, to me known, who being by me duly sworn did depose and say that he resides in New York City; that he is President of Pan American Airways, Inc., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name thereto by like order

E. S. SWAGGERTY  
 Notary Public (SEAL)  
 New York County

[fol. 2448] Note—Postmaster will observe that the improper approval of bond, or the certificate of the sufficiency of sureties therein, exposes them not only to dismissal but also to fine or imprisonment, the certificate must not be



signed until proposal is completed and bond signed. The postmaster signing the above certificate must have personal knowledge of the reliability and good character of the bidder, and must not divulge the amount of any proposal certified by him, under penalty of removal. The approval of the sureties must be by a postmaster, or duly appointed acting postmaster and not by an assistant postmaster, or other substitute, either in his own name, or in the name of the postmaster; and if the bond is in excess of five thousand dollars, such approval must be by a postmaster of the first, second or third class.

#### CERTIFICATE OF POSTMASTER AS TO BIDDER.

(To be executed if the sole surety on the bond is a surety company)

I, the undersigned, postmaster at Washington, District of Columbia, after the exercise of due diligence to inform myself concerning PAN AMERICAN AIRWAYS, Inc., bidder and principal in the foregoing bond, do hereby certify that, in my belief, he is a reliable and trustworthy person of good character and has the pecuniary ability to perform the service contemplated by his proposal; and he signed said proposal and bond, and that the amount of compensation was entered in the proposal before the signing of this certificate; that he is over twenty-one years of age, and not a postmaster, assistant postmaster, clerk in a post office, rural delivery carrier or other postal employee, or member of the immediate family of a postmaster or an assistant postmaster, and that the proposal is made in his own interest, and not by him as an agent or representative of another person or company.

(Sgd) W. M. MOONEY  
(Postmaster)

Dated July 2, 1928.

{fol. 2449}

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 99

## MEMORANDUM

DATE July 11, 1928.

TO Mr. Iglehart

DEPT.

FROM Mr. Patchin

DEPT.

Subject: AIR MAIL CONTRACTS

The Pan-American Airways has received a contract from the United States Government to carry air mail from Key West, Florida via Mexico, Havana and Central America to Colon.

as well as Pan-American Airways

The West India Air Express <sup>^</sup> has received a contract has bid on another contract

<sup>^</sup> to carry the air mail from Havana eastward to Santo Domingo and other West Indian points. The route has not yet been awarded.

probably

Mr. Hoyt has told me that the West India Co. will <sup>^</sup> combine with the Pan American, and, therefore, the Pan-American will control all the airmail service in the Caribbean and receive \$2.00 per mile for a period of ten years. The revenue will exceed \$1,000,000 per annum. The capital of the Pan-American Airways will be somewhat, but not largely increased.

Mr. Hoyt told me about a week ago that within two weeks he would probably be approaching us to discuss operations south of Colon. He ~~evidently~~ proposes to move promptly in the matter.

[fol. 2450]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 100

**CONTRACT FOR FOREIGN AIR MAIL SERVICE****Route No. F. A. M. 5**

This contract, made this 13th day of July, 1928, by and between the United States of America (by the Postmaster General) and the Pan American Airways, Inc., a corporation organized and existing under the laws of the State of New York:

WITNESSETH, That whereas the said Pan American Airways, Inc., has been accepted as contractor on Route No. F. A. M. 5 in conformity with the advertisement inviting proposals for the service specified herein, issued by the Postmaster General under date of May 31, 1928.

NOW THEREFORE, The said contractor undertakes, covenants and agrees with the United States of America:

1. To carry all United States mails (including foreign closed mails in transit through the United States) offered, not to exceed eight hundred (800) pounds a single trip, in safe and suitable aircraft, seven (7) times a week, on a schedule satisfactory to the Postmaster General from Landing Point (n.o.) at Key West, Florida (or such other point in the United States as may be designated by the Post Office Department) by Havana, Cuba, Merida, Mexico, Belize, British Honduras, Tegucigalpa, Republic of Honduras, Managua, Nicaragua, San Jose, Costa Rica, (or such other points in these countries as may be acceptable to their Governments and designated by the Post Office Department) to Cristobal, Canal Zone, and from Cristobal, Canal Zone to Key West, Florida (or such other point as may be designated) and to perform the services and undertakings in connection therewith specified in this contract for and during the term of ten (10) years commencing with the date of inauguration of service which shall not be more than six- [fol. 2451] months from the date of the acceptance of the proposal (July 13, 1928).

2. To take the mail and every part of it from all United States Post Offices and deliver it and every part of it into all post offices on the route covered by this contract, unless other provision is made. The contractor also undertakes, covenants, and agrees with the United States and binds itself to be answerable in damages to the United States for the proper care and transportation of the mails, and to be accountable for any loss or damage resulting to any such mail or to any part thereof by reason of the failure to exercise due care on the part of any of the contractor's officers, agents or employees in the custody, handling or transportation thereof.

For the service herein specified, when performed in accordance with the provision of this contract and evidence thereof shall have been filed with the Postmaster General, the United States agrees to pay to the said Pan American Airways, Inc., compensation at the rate of two dollars (\$2.00) per statute mile flown based on the shortest practicable airway distance between points on the route as determined by the Postmaster General, compensation for the return trip from the Canal Zone to be based on the direct distance, by the most practicable route, from Cristobal to Key West or such other point in the United States as may be designated. Payments to be made monthly as soon after the close of each month as accounts can be adjusted and settled; said pay to be subject, however, to be reduced or discontinued by the Postmaster General as hereinafter stipulated, or to be suspended in case of delinquency.

It is further stipulated and agreed by the contractor: [fol. 2452] 1. That in case of failure from any cause to perform any service required by this contract a pro-rata deduction shall be made from the compensation of the contractor on account of such omitted service, except that pro-rata pay will be allowed for the airway distance flown between stated points on the route traversed on a partially completed trip if no delay in the mails over the ordinary means of transportation has resulted.

2. That deductions from the pay may be made for allowing the mails to become wet, damaged or destroyed; or

when a grade of service is rendered inferior to that stipulated in the contract; and for the loss of or depredation upon the mails in the custody of the contractor or his agents, when such loss is due to the negligence or fault of the contractor or his agents.

It is further stipulated and agreed that the Postmaster General may annul this contract or impose fines or penalties, in his discretion, for repeated failures; for subletting the service without his permission or assigning or transferring the contract; for combining to prevent others from bidding for the performance of postal service; for failure to provide and operate safe and suitable aircraft in accordance with the requirements of the advertisement and this contract; for violating the postal laws and regulations applicable to service under this contract or for failure to perform service according to this contract. Such annulment shall not impair the right of the United States to claim damages from the contractor.

That no member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or agreement or to any benefit to arise therefrom.

[fol. 2453] The contractor expressly warrants that it has employed no third person to solicit or obtain this contract in its behalf; or to cause or procure the same to be obtained upon compensation in any way contingent, in whole or in part, upon such procurement, and that it has not paid, or promised or agreed to pay, to any third person, in consideration of such procurement, or in compensation for services in connection therewith, any brokerage, commission, or percentage upon the amount receivable by it hereunder; and that it has not, in estimating the contract price demanded by it, included any sum by reason of any such brokerage, commission, or percentage; and that all money payable to it hereunder is free from obligation to any person or persons for services rendered, or supposed to have been rendered, in the procurement of this contract. It further agrees that any breach of this warranty shall constitute adequate cause for the annulment

of this contract by the United States, and that the United States may retain to its own use from any sums due or to become due thereunder, an amount equal to any brokerage, commission, or percentage so paid or agreed to be paid.

It is further stipulated and agreed that this contract may be terminated by Congress, or by the Postmaster General whenever, in his judgment, the interest of the postal service shall so require, in which latter event the contractor shall be allowed as full indemnity one month's extra pay (based on the average monthly pay), provided such termination is not due to delinquency on the part of the contractor or his agents.

It is further stipulated and agreed:

1. That during the continuance of this contract, if the Postal interests shall so require, by mutual agreement between the contractor and the Postmaster General, the [fol. 2454] contract rate of pay hereunder may be changed, but shall never exceed the rate herein provided.

2. That the Postmaster General may, as the needs of the service require, increase or decrease the number of intermediate stops, the number of trips per week, change the termini of the route, dispatch mail on any plane of the contractor flown over the route and change or modify the schedule.

3. That the Postmaster General may, with the consent of the contractor, include Guatemala and Salvador in this route and extend this route from Cristobal, Canal Zone by Cartagena, Colombia, Maracaibo, Venezuela, Port of Spain, Trinidad, Curacao, Dutch West Indies, La Guaira (Puerto Caracas), Venezuela, Georgetown, British Guiana, to Paramaribo, Dutch Guiana.

4. That this contract is also subject to all the provisions of the advertisement (though not all specifically stated herein) and to the provisions of the Postal Laws and Regulations applicable to this service.



IN WITNESS WHEREOF, The parties hereto have executed this contract.

Signed *Aug. 22, 1928*

in the presence of  
ALICE MUMMERLOFF

THE UNITED STATES OF AMERICA

By HARRY S. NEW  
Postmaster General D

Signed *August 11, 1928*

Witnesses:

ROBERT G. THACH  
E. S. SWAGGERTY

PAN AMERICAN AIRWAYS, INC.

by J. T. Trippe, President  
Contractor

The United States bonds/notes described in the annexed schedule are hereby pledged as security for the performance and fulfillment of the foregoing undertaking [fol. 2455] in accordance with Section 1126 of the Revenue Act of 1926, approved February 26, 1926 and Treasury Department Circular No. 154, dated April 30, 1926.

PAN AMERICAN AIRWAYS, INC.

By J. T. TRIPPE, President  
Contractor

Approved as to form:      Approved as to fact:

HORACE J. DONNELLY

CHASE C. GOVE

Solicitor

Acting—Second Assistant

SEB

Postmaster General ERW

[fol. 2456] I, Robert G. Thach, certify that I am the Asst. Secretary of the corporation named as contractor herein; that J. T. Trippe who signed this contract on behalf of the contractor, was then President of the said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

ROBERT G. THACH (Corporate  
Seal)

### CERTIFICATE OF OATH OF CONTRACTOR

I, the undersigned, being employed in the care, custody and conveyance of the mail as contractor on the route named in the foregoing contract, do solemnly swear that I will faithfully perform all the duties required of me, and abstain from everything forbidden by the laws in relation to the establishment of post offices and post roads within the United States; and that I will honestly and truly account for and pay over any money belonging to the said United States which may come into my possession or control; and I also further swear that I will support the Constitution of the United States: So help me God.

J. T. TRIPPE, President

PAN AMERICAN AIRWAYS, INC.  
Contractor

Sworn to and subscribed before me a Notary Public  
this 11th day of August, 1928.

L. S. SWAGGERTY  
Notary Public

[fol. 2457]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 101

July 13, 1928

The proposal of the Pan American Airways, Inc., of New York, N. Y. under the advertisement of May 31, 1928, for carrying the mails in safe and suitable aircraft from Landing Point (n.o.) in Key West, Florida (or such other point in the United States as may be designated by the Post Office Department) by Havana, Cuba, Merida, Mexico, Belize, British Honduras, Tegucigalpa, Republic of Honduras, Managua, Nicaragua, San Jose, Costa Rica, (or such other points in these countries as may be acceptable to their Governments) to Cristobal, Canal Zone, and from Cristobal, Canal Zone, to Key West, Florida, (or such other point as may be designated) seven (7) times a week, for the transportation of mails, not to exceed eight hundred (800) pounds a single trip, on a schedule satisfactory to the Postmaster General, for a period of ten (10) years at the rate of two dollars (\$2.00) per mile, is accepted, contract to be executed accordingly. Effective date of contract and mileage to be stated in a subsequent Order.

W. Irving Glover  
Second Assistant  
Postmaster General

[fol. 2458]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 102

August 1st, 1928

## M E M O R A N D U M

To Mr. J. T. Trippe

From Robert G. Thach

SUBJECT: Regarding Proposed Peruvian  
Corporation.

## PAN AMERICAN AIRWAYS CO. OF PERU

Authorized capitalization: 25,000 Peruvian pounds divided into 2500 shares of 10 Peruvian pounds each.

Issued: 250 shares of 10 Peruvian pounds each (approximately \$10,000).

Note: The organization tax for the above capitalization will be one-half of one per cent of such stock as is now issued or issued in the future.

*Directors:* 7 directors, 4 in New York, Mr. Harris in Lima and two others in Lima from the office of our attorney there.

Directors meetings may be held either in New York or Lima, upon the call of the President for three directors, and three will constitute a quorum.

Stockholders may remove directors at any time.

*Stockholders:* 247 shares of the original issue will be in the name of A.C.A. or in the name of some individual endorsed in blank and delivered to A.C.A., as will likewise be the three incorporated shares.

Stockholders meetings will be held in either Lima or New York, if law permits.

*Officers:*

President—J. T. Trippe

Vice President and General Manager—H. R. Harris,  
(Lima)

Vice President—J. A. Hambleton

Secretary—R. G. Thach

Treasurer—J. R. Dillon

Assistant Secretary and Assistant Treasurer in Lima.

The Vice President in Peru shall have the full powers of the President and is to represent the Corporation in Peru unless the President is there.

*Corporate Record.* On account of the probability of numerous directors meetings both in Lima and New York,

it will be provided that duplicate original minutes of every meeting held in either place will be forwarded and kept in the corporate records at the other place, and a duplicate seal will be kept in both places.

*Proposed Initial Transactions:* A.C.A. is to advance up to \$15,000 to Huff Daland as a loan for purchasing a Fairchild airplane and transporting it to Peru under the agreement that upon Huff Daland turning over the ship to the Peruvian Corporation, A.C.A. will cancel the loan.

[fol. 2459] Upon payment by A.C.A. into the Peruvian Corporation of \$10,000 the Peruvian Corporation will repay A.C.A. \$4,000 in consideration of acquisition of option from Huff Daland formerly held by Caribbean.

A.C.A. will make \$25,000 on demand six per cent loan to Peruvian Corporation.

Peruvian Corporation will acquire of Huff Daland concessions and contracts having to do with commercial operations of aircraft (excluding dusting), with necessary governmental consents to the transfers of such concessions, including specifically (but without limitation):

1. Basic concession in Peru
2. Peruvian mail contract
3. Mail contract with British Marconi
4. All other concessions to be negotiated in Peru and Ecuador

In consideration of such concessions the Peruvian Corporation will agree to pay Huff Daland the proper and fair amounts actually disbursed acquiring concessions in Peru and Ecuador, not to exceed \$15,000 for expenses disbursed prior to July 1st, 1928. The exact amount is to be fixed by Messrs. Hoyt, Trippe and Gott as arbitrators on or before November 1st, 1928, together with allowance for a reasonable profit if, in the opinion of such arbitrators, it is justifiable and proper.

The Peruvian Corporation will make an agreement with Huff Daland covering the charter by the Peruvian Corpora-

tion of one dusting airplane to be used as spare equipment, the cost of such charter not to exceed \$750. per month, including depreciation, insurance and reasonable wear and tear. This charter would be by the month, with a minimum of three months, with the right of the Peruvian Corporation to extend for six months longer, at its option, on a month to month basis. The Peruvian Corporation is to supply pilots and fuel.

Robert G. Thach.

RGT/em

[fol. 2460]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 103

August 3, 1928.

Dear Patchin,

I am passing on to Mr. Carter your memorandum of August 2nd about Panama American Airways Inc.

As you said to me, this is a very sketchy prospectus. I notice in the last paragraph of Harris' letter to Trippe that he says that in addition to being a Vice-President of the Pan American Airways Inc. of Peru, he should be a Vice-President of the Pan American Airways Inc. in order to negotiate any changes in the Peruvian or other South American concessions. This would seem to indicate that the Peruvian and Ecuadorian concessions are owned by this company.

As I think over this whole matter, I lean very much to the idea of concentrating on mail and express packages and leaving aside the matter of passengers for the present, and I think I would be rather inclined to insist a bit on this point.



[fol. 2461]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 104

(COPY)

MR. TRIPPE  
HRH

Quito, Ecuador, August 6, 1928.

Dear H. &amp; R. :—

I've had my first conference with the Minister of War and learned that the Cabinet would not grant the contract or concession as I had presented it. That they have ceased granting exclusive concessions, and are not favorably inclined to granting exclusion or exemption from taxation. I have another round with the Min. of War and the Min. of Education & mails this afternoon and will see what can be done.

There is quite a feeling of resentment here toward the U.S. and the Germans are not helping the matter any, stating that the U.S. is trying to get control of the air, trying to dominate S.A., etc., etc. I am inclined to think that if they ask too much and are willing to grant too little that we had better simply ask for permits to land along the coast and then when we are carrying the U.S. mail to Panama and the Panam is taking it on thru then we can have them come to us and we can dictate our own terms. If they get too independent I will state that while we would rather not that we can fly right on thru. Of course this would not be economic but since these long flights have been made they think that a thousand or fifteen hundred miles is nothing for a plane.

Would certainly like to know what is going on up in N.Y. Harry I got your wire stating that Panam didn't feel satisfied with the Peruvian contract. We have every advantage over the Germans with an exclusive contract for all foreign mails over our lines and unless we get busy Fawcett could connect up with the Germans either at Talara or Guayaquil and we would be left out. By the way, the Ger.s are stating that they have or will soon have permission to land just out of the canal Z. and that they will soon

be carrying mail to Colon. This should be headed off as we have stated that it is impossible for them to get in and have built our fight around the fact that without this connection that their lines are valueless to these countries.

The thing that will help the situation more than anything else is to get started in Peru and show them that we mean business. Incidentally someone should be in Peru pretty soon and there is no telling when I can get away from here, tho I am pushing them all possible. This is going to be a case, speaking of the whole line, where the early bird gets the advantage and all we need to do to hold this whole West coast is to start action.

There is no telling when this letter will reach you as it takes two full days to get to Guayaquil and then waits for a boat. In Peru Congress is now in session and I have wired Fernandez to keep after the Minister to have our exemptions from entry charges and taxation passed. Have told them that we are holding off until this is done. Must stop as I am sending this by a friend leaving for Guayaquil in a few minutes. Hope to get orders to go ahead.

Sincerely,

C. E.

[fol. 2462]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 105

PAN AMERICAN AIRWAYS, INC.

General Offices

100 East 42nd Street, New York City

August 14, 1928.

Mr. Richard F. Hoyt,  
Hayden, Stone & Company,  
25 Broad Street,  
New York City.

Dear Dick:

I am attaching herewith copy of the draft memorandum handed to Mr. W. E. Cogswell, of the Grace Company, yesterday.

I talked to Harris this afternoon just before he boarded the train for Monroe. He is planning to return to New York next Tuesday, August 21st. At that time he will be prepared to spend three days, calling on the larger American companies operating in Peru, to contract with them, individually, to carry part of their mail between Paíta and Lima, following the inauguration of his service in October.

Mr. Cogswell is going into the matter further with some of his Directors today, and wants to see me tomorrow. As soon as we have a definite plan worked up, we will bring it in to you to check over.

Sincerely,

(Sgd.) JUAN TRIPPE.

JFT/s  
Enclosure

[fol. 2463]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 106

## CERTIFICATE OF INCORPORATION

—of—

### PERUVIAN AIRWAYS CORPORATION

**FIRST:** The name of the corporation is

### PERUVIAN AIRWAYS CORPORATION

**SECOND:** The principal office of the corporation in the State of Delaware is located at No. 19 21 Dover Green, in the City of Dover, Kent County. The name and address of its resident agent is the United States Corporation Company, No. 19/21 Dover Green, Dover, Delaware.

**THIRD:** The nature of the business, or objects or purposes proposed to be transacted, promoted, or carried on, are:

- (a) To carry, convey, transmit, or transport, as, when and where lawful, goods, freight, express, articles of merchandise of every nature and description, se-

curities, passengers, mails and intelligence by means of air craft.

(b) To design, manufacture, assemble, build, repair, maintain, operate, own, lease, let, purchase, sell and deal in air craft of every kind and description, by whatever power actuated and by whatever agency or method sustained or stabilized including (without limitation) balloons, dirigibles, aeroplanes, hydroplanes, hydro-aeroplanes and all kinds and types of vehicles, mechanisms and devices now known or which may hereafter be discovered or invented for navigating the air, for purposes of pleasure, commerce, warfare or otherwise.

(c) To build, acquire, maintain, own, operate, let, lease, sell and otherwise dispose of air navigation facilities of every nature and description, including (without limitation) terminal landing fields, emergency landing fields, aviation fields, hangars, land lighthouses, storage space, systems of radio, communications, air craft repair stations, mooring masts, landing buoys, air ports, either land or water, plants, works, stations, depots, and all equipment incidental to the proper maintenance thereof, and all other conveniences and appurtenances appropriate to any of its business.

(d) To design, manufacture, purchase, sell and trade in, and to install upon air craft, weapons and armor or other protective coverings, apparatus for measuring height and distance, determining location and direction, and for signalling or communicating in any way; and all apparatus, equipment and devices designed for use in connection with the navigation of the air.

(fol. 2464) (e) To conduct experiments on its own account and for others, to apply for, obtain, purchase, or otherwise acquire, patents, licenses, trade marks, trade names, processes, improvements, inventions, for mules, and the like, and to sell, mortgage, pledge, let, or otherwise dispose of, or deal in, and to use, exercise and develop, grant licenses and other rights and privileges in respect to, and to experiment upon, test or

develop any process, improvement, invention, patent, or patent right, or the like:

(f) To purchase, lease, hire, or otherwise acquire, hold, own, develop, operate, improve, sell, assign, transfer, exchange, mortgage, pledge or otherwise dispose of, or turn to account and convey, and to aid and subscribe toward the acquisition, development or improvement of, real and personal property and rights and privileges therein of every nature whatsoever, whether tangible or intangible, in the State of Delaware, and in all other states, territories, districts, colonies, and dependencies of the United States of America and in all foreign countries, including the good will of any corporations, copartnerships and/or individuals, suitable or convenient for any business of the corporation; and to acquire, take, hold, own, construct, erect, improve, manage, and operate, and to aid and subscribe toward the acquisition, construction or improvement of, buildings, mills, storehouses, warehouses, factories, machinery, apparatus, equipment, locomotives, cars, and other rolling stock, roads, bridges, docks, piers, wharves, ships, vessels, boats, dry and floating docks, marine railways, trucks, wagons, cars, and other vehicles, engines, motors, conveyances, rolling stock and other works, property or appliances which may appertain to, or be useful in, the conduct of any business of the corporation but only to the extent authorized by the laws of the State of Delaware.

(g) To acquire by purchase, subscription, or otherwise, and to hold, sell, assign, transfer, exchange, lease, mortgage, pledge, or otherwise dispose of, any shares of the capital stock of, or voting trust certificates for any shares of the capital stock of, or any bonds or other securities or evidences of indebtedness issued or created by, this corporation or any other corporation or association, organized under the laws of the State of Delaware or of any other state, territory, district, colony or dependency of the United States of America, or under the laws of any foreign country; to pay therefor in cash or property or to issue in exchange

therefor shares of the capital stock, bonds or other obligations of this corporation; and, while the owner or holder of any such shares of capital stock, voting trust certificates, bonds, or other obligations, to possess and exercise in respect thereof any and all rights, powers and privileges of individual holders, including the right to vote on any shares of stock so held or owned (provided, however, that this corporation shall not use its funds or property for the purchase of shares of its own capital stock when such use would cause any impairment of its capital, and provided further that shares of its own capital stock belonging to this corporation shall not be voted upon directly or indirectly;) [fol. 2465] and upon a distribution of the assets or a division of the profits of this corporation, to distribute any such shares of capital stock, voting trust certificates, bonds, or other obligations, or the proceeds thereof, among the stockholders of this corporation.

(h) To organize subsidiary corporations and to convey and assign all or any part of its assets to any such subsidiary corporation or corporations in exchange for shares of the capital stock or other securities of such subsidiary corporation or corporations.

(i) To acquire from time to time, in exchange for shares of the capital stock of this corporation as herein fixed or as may hereafter be increased, such property or shares of the capital stock of any other corporation or corporations, as the Board of Directors shall deem of advantage to this corporation, at such valuation of the property or shares so acquired as in the judgment of said Board of Directors shall be fair and just.

(j) To purchase, lease or otherwise acquire, in whole or in part, the business, good will, rights, franchises, and property of every kind, and to undertake the whole or any part of the assets or liabilities of any person, firm or association or corporation, engaged in or authorized to conduct any business authorized to be conducted by this corporation, or owning property necessary or suitable for its purposes, and to pay there-



for in cash or in stock or bonds, or any other evidences of indebtedness of this Corporation or otherwise; to hold or in any manner dispose of the whole or any part of the business, good will, rights, franchises, or property so acquired and to exercise all the powers necessary or incidental to the conduct of such business.

(k) To borrow or raise moneys for any of the purposes of this Corporation, issue bonds, debentures, notes or other obligations of any nature, or in any manner, for moneys so borrowed, and to secure the payment thereof and of the interest thereon, by mortgage upon, or pledge or conveyance or assignment in trust of, the whole or any part of the property of this Corporation, real or personal, including contract rights, whether at the time owned or thereafter acquired, and to sell or pledge such bonds or notes or other obligations of this Corporation for its corporate purposes.

(l) To aid, in any manner, any corporation or association any of whose shares of stock, bonds, or other evidences of indebtedness are held by or for this Corporation, or in which, or in the welfare of which, this Corporation shall have any interest, and to do any acts or things designed to protect, preserve, improve or enhance the value of, any such shares of stock, bonds or evidences of indebtedness, or the property of this Corporation.

(m) To guarantee the payment of dividends upon any shares of the capital stock of, or the performance of any contract by, any other corporation or association in which, or in the welfare of which, this Corporation has an interest, and to endorse or otherwise [fol. 2466] guarantee the payment of the principal and interest, or either, of any bonds, debentures, notes, securities, or other evidences of indebtedness created or issued by any such other corporation or association.

(n) To carry out all or any part of the foregoing objects as principal, factor, agent, contractor, or otherwise, either alone or in conjunction with any person, firm, association or other corporation, and in any part

of the world; and in carrying on its business, and for the purpose of attaining or furthering any of its objects, to make and perform such contracts of any kind and description, to do such acts and things, and to exercise any and all such powers, as a natural person could lawfully make, perform, do or exercise.

(o) To remunerate, in cash, shares of stock, bonds, or other securities or evidences of indebtedness or otherwise, any person, firm, syndicate, association, or corporation, for services rendered, directly or indirectly, in selling, placing or guaranteeing the selling or placing of any shares of the capital stock, bonds, debentures, or other securities or evidences of indebtedness, issued, owned, or controlled by this Corporation or by any other corporation in which this Corporation is interested, or in connection with the formation, promotion, or operation of this Corporation, or of any other corporation in which this Corporation is interested, or in connection with the conduct of the business or affairs or the protection of the property and interests of this corporation.

(p) To conduct its business in all its branches at one or more offices in the State of Delaware and in any or all other states, territories, districts, colonies, and dependencies of the United States of America and in any or all foreign countries.

It is the intention that the objects and purposes specified in the foregoing clauses of this Article THIRD, shall, except where otherwise expressed in this Article, be in no wise limited or restricted by reference to, or inference from, the terms of any other clause of this or any other article in this certificate, but that the objects and purposes specified in each of the clauses of this Article shall be regarded as independent objects and purposes.

It is also the intention that said clauses be construed as powers as well as objects and purposes; and, generally, that the Corporation shall be authorized to exercise and enjoy all other powers, rights, and privileges granted by the General Corporation Law, being Chapter 65 of the

[fol. 2467] Revised Statutes, of the State of Delaware, to corporations of this character, as well as all the powers conferred or which may be conferred upon such corporations by the then existing laws of the State of Delaware, so far as not in conflict therewith, or by all laws and acts heretofore or hereafter amendatory of, or supplementary to, said General Corporation Law, or of any or all of said laws or supplements thereto, but the enumeration of certain powers as herein specified is not intended as exclusive of, or as a waiver of, any of the powers, rights, or privileges granted or conferred by said General Corporation Law or the laws of said State now or hereafter in force; provided, however, that this Corporation shall not have the power to carry on the business of constructing, maintaining or operating railroads or railways within the State of Delaware; nor shall it possess the right of taking and condemning lands in the State of Delaware. This Corporation shall not carry on any business, or exercise any powers, in any state, territory, or country which a similar corporation organized under the laws of such state, territory or country could not carry on or exercise, except to the extent permitted or authorized by the laws of such State, territory or country.

FOURTH: The total authorized capital stock of this Corporation is Fifty Thousand Dollars (\$50,000), divided into five hundred (500) shares of the par value of One Hundred Dollars (\$100.) each.

FIFTH: The amount of capital stock with which this Corporation will commence business is ONE THOUSAND DOLLARS (\$1,000.).

SIXTH: The names and places of residence of the original subscribers to the capital stock and the number of shares subscribed for by each, are as follows:

[fol. 2468]

NAME	RESIDENCE	NO. OF SHARES
E. V. Hall	Dover, Delaware	4
J. M. Townsend	Dover, Delaware	3
M. S. Cook	Dover, Delaware	3

**SEVENTH:** The existence of this Corporation is to be perpetual.

**EIGHTH:** The private property of the stockholders of this Corporation shall not be subject to payment of corporate debts to any extent whatever. No transaction entered into by the Corporation shall be affected by the fact that the Directors of the Corporation, or any of them, were personally interested in it; and every Director of the Corporation is hereby relieved from any disability that might otherwise prevent his contracting with the Corporation for the benefit of himself, or of any firm, association, or corporation in which he may be in any wise interested.

**NINTH:** In furtherance, and not in limitation of the powers conferred by statute, and without prejudice to the right hereby conferred on the corporation to vest additional powers in the Board of Directors and its By-laws, the Board of Directors of the corporation are expressly authorized, except as otherwise expressly provided by law:

1. To exercise all corporate powers, including the sale, mortgage, hypothecation and pledge of the whole or any part of the corporate property, except as otherwise expressly provided by law.

2. To make, alter, amend and repeal By-Laws of the Corporation, and to increase and reduce (but not to less than three (3)) the number of the members of the Board of Directors, and from time to time to make and change rules and regulations, not inconsistent with the By-Laws for the management of the Corporation's business and affairs.

3. To purchase or otherwise acquire for the corporation, any property, rights, or privileges which the Corporation is authorized to acquire, at such price or consideration, and generally on such terms and conditions as they may see fit, and at their discretion, to pay for any property or rights acquired by the corporation, either wholly or partly in money, stock, bonds, debentures or other securities of the corporation.

[fol. 2469] 4. To create, make and issue mortgages, bonds, notes, debentures, deeds of trust, trust agreements and negotiable or transferable instruments and securities of all kinds secured by mortgages or otherwise, and to do every other act and thing necessary to effectuate the same.

5. To sell or dispose of any real or personal estate, property, rights, franchises or privileges belonging to the Company, whenever in their opinion its interests would be thereby promoted, on such terms as they may see fit, and to sell, assign, transfer or otherwise dispose of the whole property of the Company; to appoint any person or corporation to accept and hold in trust for the corporation, any property belonging to the corporation, or in which it is interested, or for any other purposes, and to execute and do all such acts and things as may be requisite in relation to any such trust.

6. To delegate, during the intervals between meetings of the Board, all or any of the powers of the Board to an Executive Committee, of not less than two of its members, or to any officer or agent, and to delegate the duties of any officer or agent to any other officer or agent; to appoint subordinate officers, agents, employees and delegates to have such powers (including the power to choose, remove or suspend subordinate officers, agents, employees or servants, and to sub-delegate) upon such terms as they may see fit; and at their discretion to remove the same with or without cause, and to so remove any executive officer, except the President.

7. To provide for and to pay to Directors rendering unusual or exceptional services to the Corporation, such special compensation appropriate to the value of such services as they may in their discretion see fit.

8. To declare dividends out of the profits of the Company at such times and in such amounts as they may from time to time determine and before payment of any dividend or dividends, to set aside out

of the net profits of the Company, such amount or amounts as they may in their absolute discretion think proper as reserve to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any such other purposes as the Directors may deem beneficial to the interests of the Corporation, to apply the surplus earnings or accumulated profits of the Corporation, otherwise by law to be reserved, to the purchase or acquisition of property to such an extent and in such manner and upon such terms as the Board may determine.

9. To determine, subject to the laws of the State of Delaware, and if allowed, when and under what conditions and regulations the records and books of the Corporation, or any of them, shall be open to the inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted and limited accordingly.

[fol. 2470] TENTH: Both stockholders and directors shall have power, if the By-laws so provide, to hold their meetings either within or without the State of Delaware, and to have one or more offices within or without the State of Delaware, in addition to the principal office in Delaware, and to keep the books and records of the Corporation (subject to the provisions of the statute) outside the State of Delaware, at such places as may be from time to time designated by the directors or officers.

ELEVENTH: The corporation reserves the right to amend, alter, change or repeal any provisions contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on officers, directors and stockholders herein are granted, subject to this reservation.

WE, THE UNDERSIGNED, being each of the original subscribers to the capital stock hereinbefore named for the purpose of forming a corporation to do business both within and without the State of Delaware, and in pursuance of the General Corporation Law of the State of Delaware,



being Chapter 45 of the Revised Code of Delaware, and the acts amendatory thereof and supplemental thereto, do make and file this certificate, hereby declaring and certifying that the facts herein stated are true, and do respectively agree to take the number of shares of stock hereinbefore set forth, and accordingly have hereunto set our hands and seals this 4th day of September, A. D. 1928.

E. V. HALL (L.S.)

J. M. TOWNSEND (L.S.)

M. S. COOK (L.S.)

C. H. JARVIS  
as to all

[fol. 2471]

STATE OF DELAWARE )

) ss;

COUNTY OF KENT )

BE IT REMEMBERED, that on this 4th day of September, A.D. 1928, personally came before me C. H. JARVIS, a Notary Public for the State of Delaware, E. V. HALL, J. M. TOWNSEND and M. S. COOK, parties to the foregoing certificate of incorporation, known to me personally to be such, and severally acknowledged the said certificate to be the act and deed of the signers respectively, and that the facts therein stated are truly set forth.

GIVEN under my hand and seal of office the day and year aforesaid.

C. H. JARVIS  
Notary Public

[fol. 2472]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 107

Minutes of the First Meeting the Board of Directors of Peruvian Airways Corporation, held at No. 25 Broad Street, New York, on the 6th day of September, 1928 at 10:30 o'clock in the forenoon.

## Present:

Messrs. J. T. Trippe  
Richard F. Hoyt  
R. H. Patchin  
William F. Cogswell

## Absent:

None.

The Chairman stated that W. R. Grace & Co. and the Aviation Corporation of the Americas had each offered to purchase at par one-half of the authorized capital stock of Peruvian Airways Corporation, if, as and when issued, and that each of the said corporations had deposited with him its check for Twenty Five Thousand Dollars (\$25,000).

On motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that the offers of W. R. Grace & Co. and the Aviation Corporation of the Americas to purchase one-half each of the capital stock of this Corporation at par of One Hundred Dollars (\$100) per share be, and they hereby are, accepted, and that the Chairman of this meeting be, and he hereby is, directed to deliver the checks for Fifty Thousand Dollars (\$50,000) now held by him in payment for said shares to the Treasurer of the Corporation for deposit with the funds of the Corporation.

RESOLVED, that the officers of this Corporation be, and they hereby are, authorized and directed to issue Two Hundred and Fifty (250) shares of the capital

stock of this Corporation to W. R. Grace & Co. and Two Hundred and Fifty (250) shares of the capital stock of this Corporation to the Aviation Corporation of the Americas, and to deliver to the same duly executed certificates for the said shares.

On motion duly made and seconded, the following preamble and resolution were unanimously adopted:

[fol. 2473] WHEREAS, Aviation Corporation of the Americas, a Delaware corporation, heretofore loaned to Huff-Daland Dusters, Inc. the sum of \$11,800 for the purpose of enabling said Huff-Daland Dusters, Inc. to purchase one F<sup>2</sup>C-2 Type of Fairchild Cabin Monoplane upon the understanding that said Huff-Daland Dusters, Inc. would, if requested by said Aviation Corporation of the Americas, transfer said plane to a corporation proposed to be organized to undertake certain aviation operations in Peru, whereupon such loan from Aviation Corporation of the Americas to Huff-Daland Dusters, Inc. would be cancelled and deemed repaid; and

WHEREAS, Peruvian Airways Corporation has been organized for the purpose of conducting such aviation activities in Peru and has made an agreement with Aviation Corporation of the Americas whereby Aviation Corporation of the Americas will request said Huff-Daland Dusters, Inc. to transfer said plane to this corporation, upon the agreement by this corporation with Aviation Corporation of the Americas to pay Aviation Corporation of the Americas the said sum of Eleven Thousand Eight Hundred Dollars (\$11,800);

RESOLVED, that the proper officers of this corporation be, and they hereby are, authorized and directed to pay to Aviation Corporation of the Americas the sum of Eleven Thousand Eight Hundred Dollars (\$11,800) upon delivery of the possession of said airplane to this corporation and the execution and delivery by said Huff-Daland Dusters, Inc. of a bill of sale to this Corporation covering said airplane.

On motion duly made and seconded, the following resolutions were unanimously adopted:

**RESOLVED**, that the President and the Secretary of this Corporation be, and they hereby are, authorized to issue a special power of attorney in favor of HAROLD R. HARRIS, as manager of the Corporation in the Republic of Peru, conferring upon him all the powers and authority necessary or proper for the effective performance of his duties in that capacity.

**RESOLVED**, that such power of attorney shall contain an authorization to sign in the name of the Corporation checks and drafts on the funds of the Corporation deposited in any bank in the Republic of Peru, and to sign agreements in the name of the Corporation in the Republic of Peru, without the signature of an additional officer of the Corporation, provided that no agreement or contract under the terms of which there would become payable by the Corporation more than the sum of Five Thousand Dollars (\$5,000) shall be signed, executed or delivered without the prior cabled approval of the Board of Directors of this Corporation.

[Vol. 2474]

Nominations for officers of the Company for the ensuing year were then called for, and nominations having been made, and ballot having been duly had, the following persons were unanimously elected to the offices set before their respective names:

President .....	J. T. Trippe
Vice-President .....	Harold R. Harris
Vice-President .....	R. H. Patchin
Treasurer .....	C. G. Bush
Secretary .....	William F. Cogswell

There being no further business, the meeting adjourned.

[fol. 2475].

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 108

September 10, 1928.

## M E M O R A N D U M

To Mr. John D. MacGregor

From J. T. Trippe

Confirming our conversation of this morning, and until further notice, all Company negotiations with local Governments in the countries of Central America and in Colombia, Venezuela and Ecuador, S. A., will be handled by yourself. Included in this assignment will be negotiations for concessions and the execution of same.

General Agents, representing the Company in these countries, will report to you, with respect to all matters involving contractual relations between the Company and the respective Governments concerned.

General Powers of Attorney in your favor, have already been issued to you in Guatemala, Salvador, Nicaragua and Honduras. Additional Powers will be issued to you covering Panama, Colombia, Venezuela and Ecuador.

In Costa Rica, because of the time element involved, a general Power has been issued to Mr. Frank Whiting, in order to permit him immediately to negotiate for concessions in this country. When practical, this Power will be recalled, and a general Power issued in your favor.

The General Agents to be designated in these various countries should be delegated Powers by you. This also applies to Powers that will be required by Captain J. E. Whitbeck, in connection with the airway construction work in the various Central American countries. This general plan contemplates having but one general Power in each country and all other Powers issued are to be released under same.

The Company's expansion program contemplates extension of service to Colon on or about June 1st of next year. You will have the responsibility, therefore, of securing and

having ratified, before that date, general Form B Concessions in Honduras, Nicaragua, Costa Rica, Panama and, if possible, Guatemala and Salvador. Where the Form B Concession is unobtainable, Form C Concession, along the lines we discussed this morning, should be negotiated. This does not apply to either Guatemala or Salvador.

Draft of the Form C Concession you would propose, should be prepared by you this week, for us to go over.

In Colombia, further conferences with Colonel Bane and Mr. Wilcox, also with Mr. Kuehl of the SCADTA, should be carried on by you, with the end in view of securing a Colombian operating right and general concession, as cheaply as possible. In this connection, you will be interested to know that the SCADTA apparently believes that their monopoly internal business will permit them to operate coastal air services in their area, cheaper than could Pan American Airways, Inc., operating only coastal service under present mail contracts.

It would, therefore, seem vital that Pan American take over either the SCADTA or some other national Company, having internal operating rights.

Further confirming our conversation of this morning, you should arrange for a secretary to handle your correspondence in the New York office. Your Secretary would, therefore, be in a position to expedite your work when you will be in the field. Such times as she is not engaged in your particular work, she should be available for general office work.

In our conversation of this morning, we did not refer to extension of service in the West Indies, and South from the Canal Zone. All operations in Mexico will be carried on by a separate Company.

In the West Indies, Mr. Nagle is handling negotiations in Haiti and Santo Domingo. Some assistance may be required from you in the latter country during the month of October and before your departure for Honduras, which I understand will be around the first of November. Word



from Mr. Nagle will be received before the 20th of September, should your presence be required in Santo Domingo during October.

Extensions from the Zone South can be instituted independently of the service from Miami to the Canal Zone. For your information, I would summarize the Company's position in this territory.

Aviation Corporation of the Americas has jointly organized with W. R. Grace & Company, the Peruvian Airways Corporation, a Delaware company, with a paid in capitalization of \$50,000. The officers of the Company are:

President	— J. T. Trippe, 100 East 42nd Street
Vice Pres. & Gen. Manager	— Harold R. Harris, Peruvian Airways Corporation, Lima, Peru.
Vice President	— Robert H. Patchen, The Grace Line, 10 Hanover Square
Secretary	— William R. Cogswell, The Grace Line, 10 Hanover Square
Treasurer	— Charles C. Bush, The Grace Line, 10 Hanover Square

This Company is taking over the General Air Mail Concession negotiated by Huff-Daland Dusters, Inc.; also the specific Air Mail Contract between the British Marconi Company and Huff-Daland Dusters, Inc.

Mr. Harris left Saturday, September 8th, 1928, for Lima, Peru, to install mail service between Lima (Callao) and Talara, on the Northern Boundary.

The Company owns one Fairchild cabin monoplane, and will lease other equipment locally. As soon as service has been installed, Mr. Harris will institute a technical and traffic survey with the end in view of the later installation of a through service between Cristobal and Valparaiso.

The plan, however, is contingent, of course, on securing the United States Mail Contract, advertisement for which will not be requested until a further study has been made.

Flying boats and/or amphibians would be used in that section between the Zone and Lima, Peru.

[fol. 2477] We propose to delegate to Mr. Harris, the supervision of flight operations over this route.

Contingent on the securing of a United States mail contract during October or November of this year and the amending of the present Kelly Foreign Mail Act, we should be ready to install service to Lima and to Curacao within a period of fourteen to sixteen months. You should map out your program, securing concessions in these countries with this date in mind.

Pan American Airways, Inc., because of our Government contracts, has been identified in Central America, I fear, as a semi-national Company and, as such, unless we prepare carefully, and long in advance, our concessions are apt to be difficult and costly to secure.

This rough draft should serve as an outline of our present position. Will you study it over and prepare, for me, and for my signature, a detailed memorandum to be addressed to you, covering the various matters touched upon, with the addition of any other points which you believe should be included, in particular, the procedure to be followed with respect to correspondence between myself and yourself when in the field, and the method of handling matters assigned to you in your absence, should be covered.

For your information, I am attaching herewith copy of instructions issued to Mr. Harris, covering West Coast activities.

J. T. Trippe,  
President.

JTT:B

[fol. 2478]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 109

[Handwritten notation—Copy—JAH—File]

September 10, 1928.

Mr. John D. MacGregor, Vice President,  
Pan American Airways, Inc.,  
100 East 42nd Street,  
New York City.

Dear Mr. MacGregor:

This morning Dipl. Ing. Hermann Kuehl, representing the SCADTA, called at this office, in company with Dr. Von Bauer's secretary, who I understand is in charge of their interests in New York City.

In the course of the conversation, Mr. Kuehl stated that SCADTA were no longer interested, at this time, in negotiating with Pan American Airways, Inc., and would not be, until Panama was open to commercial aircraft. He limited this statement, however, by advising me that the SCADTA would be willing to negotiate an agreement with Pan American Airways, Inc., whereby the sphere of operations of each line were limited, so as not to directly compete with each other.

Pan American Airways, Inc., would, under such a plan, recognize as SCADTA territory, the seacoast from the Canal Zone to Curacao on the North Coast, and from the Zone to Guayaquil, on the West Coast.

I advised him we could not entertain such a proposal, and that my only interest would be in continuing negotiations along the lines proposed last year by Dr. Von Bauer, namely, the outright purchase, by our Holding Company, of SCADTA stock. Mr. Kuehl again reiterated they were not interested in any further discussions along these lines.

He frankly stated that their position was daily becoming more secure in Colombia, Ecuador and Venezuela, and that we could not estimate or value their position at this time.

In part, he advised that the SCADTA was ready, on twenty-four hours notice, to commence service to the Canal Zone and to Curacao; but that he knew the United States Government would not permit them to land in Panama or the Zone until we were ready to extend service. I told [fol. 2479] him I did not know anything about this, but that, in all probability, we would not be ready to operate to the Zone much before the middle of next summer.

He left with me his card and room number at the Pennsylvania (Room No. 216), suggesting we talk again before he leaves for Germany about the 20th of September.

Inasmuch as he stated that the SCADTA or Dr. Von Bauer personally would not entertain further negotiations at this time, we are free and clear of any obligations, moral, or otherwise, to negotiate further with Dr. Von Bauer. In fact, Mr. Kuehl was quite independent in his attitude; stressing the fact that his call was purely one of courtesy and that in no event did he wish to discuss intercorporate relations, except as set forth above.

I questioned him about possible competition from Wilcox's Company. He treated this whole matter as a joke, and stated that SCADTA feared no competition in the territory it claimed for itself.

I would suggest we arrange another meeting with Mr. Kuehl, when you can be present.

Yours very truly,

J. T. Trippe,  
President.

JTT:B

2564

[fol. 2480]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 110

September 11, 1928.

Mr. Richard F. Hoyt,  
25 Broad Street,  
New York City.

Dear Dick:

Yesterday, Dipl. Ing. Hermann Kuehl, representing SCADTA and Dr. Von Bauer, together with Dr. Von Bauer's personal secretary called, to suggest an arrangement whereby Pan American Airways, Inc., would agree not to operate between the Canal Zone and Curacao, and the Canal Zone and Guayaquil, Ecuador, respectively.

I advised him that any such proposition could not be considered, owing to our United States Mail Contract situation.

Mr. Kuehl was unwilling to consider any other methods of cooperating in South America at this time. I told him of our desire to reach a mutually attractive agreement with SCADTA, if in any way possible. He appreciated our motives, but stated nothing could be done at this time, or within the next six to twelve months.

We discussed technical operating problems for several hours.

I plan to see him again before he leaves for Berlin next week.

I consider this conference relieves us of any moral obligation to attempt further to cooperate with Dr. Von Bauer, in preference to making any other arrangements for concessions in his territory, and have so advised Mr. Grosvenor, as per the attached copy of my letter to him of yesterday, which I am sending for your files.

Sincerely,

JTT:B  
Enclosure.

[fol. 2481]

PAN AMERICAN WORLD AIRWAYS, INC., EXHIBIT 111

September 11, 1928.

Mr. R. B. Bévier,  
54 Franklin Street,  
New York City.

Dear Dick:

I am attaching, herewith, for your information, copy of a letter of instructions handed to Mr. Harold Harris, before he left for Lima last Saturday.

We attempted to hold a Board Meeting last Thursday afternoon, to formally consider and act upon a proposition to jointly develop with the Grace interests, Air Service on the West Coast. Inasmuch as you were in Cleveland, we were unable to secure a quorum, and the matter will have to be considered and confirmed at our next meeting.

Mr. Priester hired Walter White as Field Manager for Havana or Camaguey, last week. Before he left, he came into my office and told me of some difficulties he was having, which I would like very much to talk over with you. Needless to say, I could offer him no encouragement in any of his personal troubles.

I tried to reach you on the telephone this morning, and am awaiting with much interest to hear news of your Cleveland trip.

With kind personal regards, I remain,

Sincerely,

JTT:B  
Enclosures



2566

Tel. 24821

PAN AMERICAN WORLD AIRWAYS, INC. FAIRCHILD 112

AVIATION CORPORATION OF THE AMERICAS

100 East 42nd Street—New York

September 20, 1928.

Mr. William P. Cogswell,  
W. R. Grace & Company,  
10 Hanover Square,  
New York City.

Dear Mr. Cogswell: 4

Following our telephone conversation this afternoon, I would suggest that a cable be dispatched to Harris, via your Lima Office, as follows:

"DISPATCHES INDICATE HUFF DALAND IN AUGURATED SERVICE. CONFIRM PREVIOUS INSTRUCTIONS ANY SUCH OPERATIONS HUFF DALAND ACCOUNT. UNDERTAKE NO OPERATIONS PERUVIAN AIRWAY ACCOUNT UNTIL CONCESSIONS TRANSFERRED. DELIVERY FAIRCHILD BEING HELD PENDING AVIATION CORPORATION INSTRUCTIONS PERUVIAN AIRWAYS. TRIPPE."

For your information, I am also attaching copy of my letter to Mr. Patchen, under even date.

We have not yet received the information from the Radio Corporation relative to transmitting stations on the West Coast. I have followed this matter up and expect to receive same tomorrow.

As stated over the telephone yesterday, copy of Major Dargue's report to W. R. Grace & Company, relative to the proposed West Coast Service, would be of interest, in completing the estimates now under way.

Very truly yours,

(sgd) J. T. TRIPPE  
J. T. Trippe

JTT:B  
Enclosure

(Vol. 2483)

PAN-AMERICAN WORLD AIRWAYS, INC. EXHIBIT 113

## POST OFFICE DEPARTMENT

Second Assistant Postmaster General

Personal &amp; Confidential

Minneapolis, Minn.

October 4, 1928

Dear Mr. Trippe:

The enclosed article cut from the New York Tribune, has been sent to me, from Washington. The issue was Oct. 3. The Post Office Department is getting damn sick and tired of the endless publicity, that is being thrown out, telling of all the wonderful things being done for Air Mail contracts and operators, by other government departments, with no mention of the Post Office Dept; and this last one is a joke. If it was not for the above department there would be no Aviation Corporation of America, or Pan American Airways either. This is not only true of the aviators end, as far as Mail contracts are concerned, but it is true of mail contracts on American ships sailing the seven seas. If any one has stood for progress of these two forms of contracts it has been my chief, the Postmaster General.

Now to have an article come out such as this, plainly evident carefully prepared, it gets under our skin. Please do not think I object to its omission of my name. I can get all the publicity necessary for me, but the lower marked paragraph is a *joke*.

When I see you, will give you some more. No wonder the Big chief gets sore. Who in hell has the money for these contracts. You know as well as I do.

Yours very truly,

(Signed) W. LIVING GLOVER

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 114

November 23, 1928.

Richard F. Hoyt Esq.,  
c/o Hayden, Stone & Co.,  
25 Broad Street,  
New York City.

Dear Mr. Hoyt:—

I had a very pleasant talk with Mr. Struthmann who is willing to do everything he can in the matter of seeking the concession from the Argentine Government. He seems to think it is a matter for an effective lawyer and had one of your own people in mind.

Since talking to him I learned from one of our South American officials that Mr. Vincente Lopez, who recently retired from the position of Procurador General of Argentine and who is a very eminent lawyer whom we have employed in the past, is available (by reason of his retirement from the Government) to undertake such a task. He has served under and is personally friendly with the last three Presidents of Argentine, including the new president, Senor Irogoyen.

I know Mr. Lopez personally and he is certainly a live wire and has great influence not only on his own account but also because his grandfather was one of the great Argentine patriots. I think he, with the assistance and co-operation of your people would probably be very effective and Mr. Struthmann thinks we ought to try to get the support of Carlos Thornquist, who is, of course, splendidly situated to help if he desires.

Very truly yours,

R. H. PATCHIN

[fol. 2485]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 115

November 24, 1928

Effective from the date of inauguration of service on Air Mail Route No. P.A.M. 5, from Key West, Florida to Cristobal, Canal Zone, the route is changed to begin at Miami instead of Key West, Florida; pay at the contract rate to be based on the Mileage from Miami accordingly.

Mileage for the entire route to be stated in a subsequent Order.

W. Irving Glover  
Second Assistant  
Postmaster General

[fol. 2486]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 116

November 27, 1928

VIA AIR MAIL

Mr. C. V. Whitney,  
Hotel St. Regis,  
Mexico City, Mexico.

Dear Sonny:

I was sorry not to have been able to return to your office last Friday in time to reach you before you left for New Orleans.

No doubt Francis gave you a summary of developments and advised that I was mailing a preliminary report of developments to you at Mexico City, via Air Mail.

We are having some difficulty with Grace in persuading them to push the West Coast extension operations and request an immediate advertisement, which I feel should be our procedure, in view of competition both in the Argentine and, perhaps, in the States. We expect to meet again today for the final decision.

You no doubt have seen the releases covering the christening ceremonies in Washington last week. We ran into some hard luck, but, on the whole, I believe the results were satisfactory.

As you know, the F-10 to be christened was damaged on the manufacturer's test flight, and it was not until about fourteen hours before the ceremony was actually to take place that we knew the ship would not be available.

We took up with the Pan-American Union and Officials of the Government, the question of whether or not it would be best to cancel everything or go ahead with a substitute ship. They were all unanimous in the opinion that we should go ahead.

We had an all-night session getting the substitute ship, pilot and crew, down in time, but succeeded and the exercises at the Field went off very smoothly indeed.

I am enclosing herewith additional data which I have been able to secure covering Air Mail developments in Mexico, as follows:

1. Confidential reports from the Agent of the Ward Line, dated October 19th and November 6th, respectively.
2. Memorandum covering the general situation in regard to Air Transportation Concessions and Air Mail in Mexico.

Be sure to advise us fully relative to your negotiations with Ruhl and a general summary of conditions, in order that we may have same as soon as he reaches New York, which should be December 6th.

With best regards,

Sincerely,

JTT/s  
Enclosures

[fol. 2487]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT-117

W. R. GRACE & CO.  
NEW YORK

November 27, 1928.

*Memorandum for Mr. Hout:*

I have been working on the Pan American Airways estimate of capital investment and operating expenses of Colon-Valparaiso air transport service. The Pan American Airways estimate is based on three round trips a week, total capital investment \$1,689,000., annual operating costs \$1,971,000., operating cost per mile \$1.69 and estimated mail revenue from three trips weekly \$1,060,000., leaving approximately \$900,000. annually to be made up from passengers and mail pay from South American countries. In our opinion this or anything like it is impossible of accomplishment on the West Coast of South America.

We have approached the question from seeing how inexpensive a service of one trip per week could be established as a beginning.

Mr. W. L. Jacob who is a pilot and was a squadron commander in the late war and who spent five years on the West Coast as a mining engineer and mine operator and is familiar with cost of skilled and unskilled labor, building construction, etc., there, has prepared the attached estimate based on flight equipment with ample spare planes and spare engines and a minimum of ground organization.

The idea underlying this estimate is that the route should be divided into three divisions, each of which should be in charge of a manager responsible for that division and that the considerable resources of W. R. Grace & Co. and the mining, industrial, engineering and shipping companies should be drawn upon for mechanics except for two chief mechanics to be sent from here.

[fol. 2488] This contemplates part time employment of resident mechanics who would otherwise have to be transported from the United States with no certainty of their



efficiency or permanency after arrival. The Peruvian and Chilean armies and navies and the flying force at the Canal have considerable mechanical force. As you know, the industrial operations of American companies in Peru and Chile are highly developed and internal combustion engines are an old story to them. For instance International Petroleum Co. has extensive shops at Talara and have offered to give us repair facilities. W. R. Grace & Co. have considerable engineering and mechanical staffs all along the Coast. Clerical assistance, business management, book-keeping, etc., can be arranged with Grace on a part time basis thus giving the service of staff already in the country and sure to remain there. This saves transportation expense and salary account.

The net result of this estimate is that we see a possibility of providing a weekly service for a capital investment of \$200,000, (in addition to the capital already invested in the Peruvian Airways Corp) total annual operating costs including depreciation, obsolescence, and interest, of \$292,000., or roughly 80¢ a mile. We are working up an estimate based on multi-motored planes.

Annual revenue from U. S. postal contract on one trip a week is estimated at \$7,000. per outward voyage or \$364,000. a year so that even with an increase of operating costs over the figures given here, such service could be made to pay on the mail contract alone, leaving fair profit out of passenger and local mails. Two months operations Peruvian Airways shows costs of 58¢ a mile, revenue 43¢.

I send this estimate for your information and comment as a preliminary to further discussion.

RHP:C  
(Sgd) R. H. PATCHEN

[fol. 2489]

Weekly Service Panama-Valpo.

Distance 3,500

Flown Annually—364,000 miles

— 3,822 hours

## CAPITAL INVESTMENT

## FLIGHT EQUIPMENT

2 Loening Amphibians	at 20,000	40,000
3 Cyclone engines	at 5,280	15,840
3 Monoplanes 4 pass.	at 12,980	38,940
7 P. & A. Wasp engines	at 5,000	35,000
7 Misc. equip.	at 500	3,500
Spares		5,000

154,240

Less discount for quantity  
(estimated)

13,000

Total Cost Equipment

141,240

Repairs Colon, Lima, Valpo.

Temporary Hangars	at 3,000	9,000
Gas Pumps & Tanks	at 1,500	4,500
Tools, fire extinguishers, etc.	at 500	1,500
		15,000

This equipment in addition to Fairchild now in Peru. This fleet substantially exceeds requirement for one flight weekly.

No run from Talara to Chancay. Lightest form of hangars etc. will suffice, very inexpensive. Arrangements can be made to use Army Navy repair facilities at Canal. It is not the policy of gov't. to permit private shops for shipping repairs and we understand same rule will apply to aircraft.

*Intermediate Stops (7)*

Gas Pumps & Tanks	at	500	3,500
-------------------	----	-----	-------

*Capital Expense*

Field Improvements (6)	at	1,000	6,000
------------------------	----	-------	-------

Transp. of personnel	at	500	3,000
----------------------	----	-----	-------

Tel. & Tel.			500
-------------	--	--	-----

Freight on Equipment			7,000
----------------------	--	--	-------

5% value			16,500
----------	--	--	--------

3 pilots and 2 mechanics  
other mechanics to be  
employed locally, or re-  
cruited from Army/  
Navy base at Canal.

	16,500	176,240
--	--------	---------

Contingencies		8,760
---------------	--	-------

Working Capital		15,000
-----------------	--	--------

	200,000
--	---------

[fol. 2490]

## OPERATING COSTS - ANNUAL

New York Overhead, with Legal	15,000	15,000
-------------------------------	--------	--------

*Section Organization (3)*

Managers (3)	at	10,000	30,000
--------------	----	--------	--------

Regular Clerk	at	2,400	7,200
---------------	----	-------	-------

Legal		500	1,500
-------	--	-----	-------

Stenographer (part time)		600	1,800
--------------------------	--	-----	-------

Printing & incidentals		500	1,500
------------------------	--	-----	-------

	42,000
--	--------

*Intermediate Parts (11)*

Clerks (part time)		600	6,600
--------------------	--	-----	-------

Expenses (per week)		520	5,720
---------------------	--	-----	-------

	11,320
--	--------

*Flight Organization*

5 Pilots	at	6,000	30,000
----------	----	-------	--------

5 Flight Mechanics	at	3,600	18,000
--------------------	----	-------	--------

5 Mechanic helpers	at	2,400	12,000
--------------------	----	-------	--------

	60,000
--	--------

*Supplies & Repairs*

Airplane spares at #2 hr.	7,644	
Engine spares at #3 hr.	11,466	
Fuel at #151 hr.	57,330	

---

76,440 204,760
*Insurance (Flight)*

30,000

*Depreciation & Obsolescence:*

Planes (2,000 hrs.)	25,900	
Engines (1,000 hrs.)	19,450	

---

45,350 280,110

Interest on Investment 6%

1,200 292,110

Cost mile

.80

Indicated Profit on U. S. Mail

71,800

(fol. 491)

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 118

copy

Letter #31

Lima,

December 5th, 1928.

Peruvian Airways Corporation.  
NEW YORK.

Dear Sirs:—

Mr. Hoover spent a half hour with me here together with Ambassador Moivre and Capt. Crow on the question of U.S. air mail operation from the Canal Zone south. His idea is that airways should be operated by the various Governments concerned and in his speech last night he recommended that a conference of the various countries along the route should be arranged in order to assure the installation of the proper air ports and air way facilities at the expense of the various Governments concerned.

He believes that the operation of the line, however, should be in the hands of private individuals such as ourselves. Considerable discussion brought out the fact that he favours night flying along such portions of the route as are safe for that type of operation because of the necessity for additional speed in their transportation of mails and passengers.

He was very pleased with the operating schedule which I showed, which is schedule C of my report to Trippe dated August 5th entitled "Details of airline on West Coast of South America."

Various local conditions on the route from the Canal to Guayaquil were discussed with him and although he seemed to favour land machines for this operation at first, upon being informed on the physical situation and operating conditions as well as the fact that the Pacific Ocean is never rough enough to endanger amphibians or sea planes [fol. 2492] he seems to agree that some type of water machine would be more desirable.

He requested information as to the possibility of local traffic and the likelihood of the line being self supporting. He was assured that local traffic would not pay but he assured me that the U. S. Government would liberally subsidize our air mail operation.

His ideas were that we should secure nonexclusive concessions for the operation in foreign countries concerned with U.S. Government assistance and by means of allocation to us of U.S. air mail contract securing sufficient income to assure us of actual exclusive operation since the larger part of the cost would be born by the U.S. air mail contract.

He asked what I believed to be the ways in which the U.S. Government could help us at the present time and I gave him the following:

1. Keep all foreign countries out of the Panama Canal.
2. Assist us in the foreign countries concerned with the securing of our concessions.

3. Advertise a Canal to Valparaiso air mail contract in the near future.

4. After the contract is advertised and let, then let the Senate confirm the Havana Aviation Committee.

5. By diplomatic arrangements see that time and expense of clearing border stations on international boundaries be minimized.

Mr. Hoover is anxious that the line go from the Canal to Buenos Aires and seemed to be satisfied that the W. Coast was the only logical route.

He spent some time questioning me on the feasibility of the Santiago Buenos Aires operation which I assured him [fol. 2493] was perfectly feasible and that I believed that the Latacoere had some sort of contract with the Chilean Government with regard to this line.

Mr. Hoover closed with the congratulatory statement that he had no idea that the line had been so thoroughly worked out and believed had laid the fundamental ground work which was a great step in advance towards the completion of the air mail line.

As soon as possible I plan to go to Ecuador and attempt the initiation of a concession but believe no time should be lost in purchasing at least one and better two additional planes with a higher cruising speed than the Fairchild that we now possess and a greater cabin capacity and in addition it would be necessary to secure floats for our present Fairchild if it is to be used for the Guayaquil shuttle service.

At the present time we are skating on extremely thin ice in attempting an operation of the character we are now carrying out with only one airplane since the entire operation is likely to suffer a severe set back if the airplane for any reason is damaged.

Yours very truly,

PERUVIAN AIRWAYS CORPORATION

H. R. HARRIS (Signed)

Vice President and General Manager



[fol. 2494]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 119

December 22nd, 1928.

OPERATING HISTORY OF PAN AMERICAN  
AIRWAYS, INC.

Pan American Airways, Inc., was incorporated under the Laws of the State of New York on March 14th, 1927.

On July 19th, 1927, the Company entered into a contract with the U. S. Post Office Department to transport, by Airplane, all first-class mail between Key West, Florida, and Havana, Cuba. This was the first, and for the next year the only air mail contract to a foreign country.

- On September 8th, 1927, a contract was secured from the Government of Cuba, to transport Cuban mail to the United States.

A first-class Airport was constructed at Key West, which was designated as the first Airport of Entry in the United States.

On October 28th, 1927, daily service was inaugurated between Key West, Florida, and Havana, Cuba.

Tri-motor Fokker, cabin monoplanes, equipped with Wright "Whirlwind" motors were used as regular equipment.

Until September 15th, 1928, when the service was extended from Key West to Miami, all the United States mail to Cuba was handled with 100% regularity. On the Northbound service, two flights were not completed; in one case the ship returning to Havana because of weather conditions, and in the second case, although equipped with radio, the ship missed Key West and was forced to land in the water fifty miles off Tampa—with the loss of one passenger. This accident was entirely due to lack of radio facilities at Key West, the installation of which, under the Department of Commerce, had been somewhat delayed—for reasons beyond their control.

In July, 1928, Pan American Airways, Inc., was awarded additional U. S. Mail Contracts to Porto Rico, with options to extend to Trinidad; and to the Canal Zone, and with further options to extend along the coast of South America, via Colombia, Venezuela and Trinidad, to Brazil.

[fol. 2495] In October, 1928, the Company was awarded mail contracts to Nassau, Bahamas.

The United States terminus for these contract routes was made Miami, Florida, at which point the Company has constructed a large, modern airport, with complete facilities. It is believed that this Airport, now practically completed, is the most modern in existence at this time.

The Service to Nassau will be inaugurated on January 2nd, 1929; to Porto Rico, January 9th, and to the Canal Zone on January 11th.

For your information, I am attaching herewith photographs and views of the Company's Passenger Terminal, hangars, and other structures.

In January, 1929, the Company's fleet of aircraft will include:

6 Tri-Motor Fokker F-10-As, with 400 h.p. Wasp Motors.

1 Ford large wing Tri-motor, with 400 h.p. Wasp motors.

2 Tri-motor Fokker F-8s, with 200 h.p. "Whirlwind" motors.

2 Twin-engined Sikorsky Amphibians, equipped with Wasp motors.

3 Loening Amphibians, equipped with 500 h.p. Cyclone motors.

1 Keystone tri-motor, equipped with 200 h.p. "Whirlwind" motors.

During the past year, the work preparatory to placing these routes in operation, has been sub-divided under the following headings:

(a) Securing the necessary operating rights and legal standing in the several countries over which service will be maintained. In the absence of any general Aviation Convention, contracts between the Company itself and the various governments have had to be negotiated, executed, and ratified.

It was essential that such contracts be as broad as possible, permitting absolute freedom of action, on the one [fol: 2496] hand, in fixing rates and tariffs, and providing freedom from taxation, import duties, and similar restrictions, on the other hand.

License to erect and maintain necessary radio apparatus for ground communications and air navigation, without interference from existing concessions or laws, was also essential.

The Form "B" concession, attached herewith, was drafted after long and careful study, to cover these requirements.

A proposal has not yet been submitted to Panama, at the request of the State Department, owing to the extremely delicate local situation.

In British Honduras the Form B cannot be had, owing to conflict with certain British Imperial Treaties and laws. The situation is described hereafter.

For your information, I am attaching copy of the general form of concession used.

(b) Simplification of Clearance Procedure.

The Inter-Departmental Committee, under the Chairmanship of Assistant Secretary of State, Francis White, has been closely cooperating with the Company in extending service to Central and South America for the past year.

A sub-Committee of the Inter-Departmental Committee has been working for the past seven months with representatives of the Company in formulating adequate regulations to cover the clearance of aircraft in international service.

A year ago, thirteen different forms were required to be executed before an aircraft could clear for a foreign port. Actual direct fees varied from \$34.00 on a week-day to approximately \$71.00 on a holiday.

The new regulations, which are being released this week by the four Departments concerned at Washington, will reduce the thirteen forms to but three, and entirely doing away with fees. The new American regulations are being used as a model by the other Republics in Central and South America.

We expect very shortly, that suitable regulations will be enforced in all the countries North of the Zone, and in addition, in Venezuela, Peru and Chile. The few remaining countries have also indicated that they will follow along very shortly.

International Air Commerce between more than two or three countries would have been impossible until this important change, removing aircraft from marine clearance regulations had been completed, following a year's patient missionary work by Pan American Airways, Inc.

(c) Installation of International Airway:

In the United States the Department of Commerce, under the provisions of the Air Navigation Act, constructs and maintains the Airway, as well as all aids to Air Navigation. In the foreign field, Pan American has had to construct its own airway. This important work has been proceeding over a year, under the direction of Mr. J. E. Whitbeck, the Company's Airways Engineer. I attempted to cover the difficult problems connected with the establishment of an International Airway in a paper which I was asked to read before the International Civil Aviation Conference in Washington last week. I am attaching a copy of this paper, for your information.

(d) Radio communications are essential to the proper control and guidance of aircraft, especially so when flying over sparsely settled routes in Central and South America.

Pan American, many months ago, entered into a joint agreement with the Radio Corporation of America to de-

velop adequate ground and aircraft apparatus. It is believed that the apparatus which has been developed during the past nine months is equal, if not superior, to any in service on the large European lines. This equipment, completely developed, is now available to the whole United States Air Transport industry.

The Pan American organization has been laid out to permit of the adding of additional Operating Divisions as the system expands.

Division Headquarters for routes radiating from Miami to Nassau, to Havana, to Panama and to Porto Rico, are maintained at Miami.

For some months past, the Company has been making arrangements for service in Mexico, through the medium of the Mexican Aviation Company, which Company now operates a regular service between Tampico and Mexico City, and between Tampico and Merida, Yucatan—a stop on the Canal Zone.

[fol. 2498] The Bill now pending before Congress, which would amend the March 8th Act, under which all existing Pan American contracts have been let, would permit of American mail being handled in Mexico over this route.

In his annual message to the President, Postmaster General New has favorably mentioned the Bill, and from present indications, it will be given every consideration at the current short session of Congress.

Pan American, early last summer, undertook jointly with W. R. Grace & Company, to extend its service on the West Coast of South America to Valparaiso and Buenos Aires. This arrangement was made to insure receiving for the Transport Company the full benefit of the local Grace Houses scattered along the West Coast.

Other routes in South America, along the North and East Coast, together with possible extensions to the interior of Brazil, Venezuela and Colombia, are being handled by Pan American alone.

For nearly a year, a thorough technical and economic air survey of South America has been carried on. Contracts covering the transportation of Northbound mail, as well as full operating privileges, are pending at many points.

Actual service in Peru, between Lima and Talara—a distance of 600 miles—has been under way since September 15th. It is expected that the service will be extended to Guayaquil, Ecuador, and Valparaiso, Chile, within the next six weeks.

To date, no operating rights for Colombia have been available, owing to the existing difficulties between that Government and the United States, resulting from the Canal Zone authorities having refused, for three years, the request of the German Colombian Company to operate through Panama and land at the Zone.

As soon as a solution to the Colombian impasse has been reached, either by the ratification of the Pan American Aviation Convention by that country, or an exchange of privileges between Pan American and the SCADTA, it will be possible to link up the present service on the West Coast to the Pan American system at the Zone, thereby insuring through service between Miami and Mollendo, Peru, or Valparaiso, Chile.

To properly connect the Pan American system with the domestic transportation system in the United States, the Fed. 2499 Atlantic Coast Line and the Florida East Coast Railroads have changed their schedules. Both of these roads are substantial stockholders in Aviation Corporation of the Americas, the Holding Company for Pan American Airways, Inc.

Through International air rail tickets to Nassau, Cuba and the West Indies will be on sale January 2nd, 1929, at all points on these lines and on their six affiliated rail roads, which includes the huge Pennsylvania System.

Pittsurn Aviation, Inc., the domestic contractors for the route between New York and Miami, will inaugurate their last



section—that between Atlanta, Georgia and Miami, Florida, in operation January 1st, 1929, thereby linking the Pan American System with the domestic Air Mail System in the United States.

[fol. 2500]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 120

COPY

December 24th, 1928.

Col. Henry Breckinridge,  
455 East 57th Street,  
New York City.

Dear Colonel Breckinridge:

Supplementing my memorandum to you of yesterday afternoon, I would submit the following information which, I believe, was not adequately covered in that memorandum:

Pan American Airways, Inc., holds the following mail contracts with the United States Government:

Contract No. 4, which expires July 1st, 1933, to carry United States Mail from Miami, Florida, to Havana, Cuba.

Contract No. 5, to carry United States Mail from Miami, Florida, via Cuba, Yucatan, and Central America, to the Canal Zone, *in both directions*, with options to extend from the Zone along the North Coast of South America as far as Brazil.

Contract No. 6, from Miami, Florida, via Cuba, Haiti, Santo Domingo, to San Juan, Porto Rico, *in both directions*, with option to extend along the Windward Islands to meet the other extension of Contract No. 5 at Trinidad.

Contract No. 7, from Miami, Florida, to Nassau, Bahamas.

The three major contracts—Nos. 5, 6 and 7, run for a period of ten years. Payment is at the rate of \$2.00 per

airplane mile over the practical airway route selected by the contractor.

The mail load to be carried is limited to 800 pounds, thereby providing substantial payload capacity for passengers, express, and other cargo.

Last week the Department accepted the Company's proposal to carry Air Mail at a high surtax, rather than first (fol. 2504) class mail over these routes. The surtax on mail to the Zone will be 25c per 1/2 ounce, which will net approximately \$5,000.00 when the load reaches 500 pounds, or \$2.00 per airplane mile for the 2,500 mile airway flight to the Zone. In this way, we expect the Government would get back, after a reasonable period of educating the public, the full \$2.00 per mile it pays Pan American.

The system would not then be dependent on what practically amounts to a Government subsidy, but rather it will pay its own way.

Additional appropriations to cover the large number of feeder lines the Company plans to establish and operate in South America, should then be easily available.

The payments which will be received from the United States Government alone, under all the existing contracts with the Company, should aggregate Six Million Dollars per year. This amount will serve as a substantial "Back-log" to cover operating costs.

The Company will receive the following additional mail revenue:

- (a) From all International Air Mail Traffic between the various countries served by our routes.
- (b) All revenue from mail consigned to the United States, including transit mail to Canada and Europe.

With respect to item "b" above, the Post Office Department has agreed not to negotiate with South American countries for carrying their mail between the Canal Zone and the United States. (This might be done, for Pan American is under contract to carry up to 800 pounds of

mail from the Canal Zone North, on a daily schedule, and our Government might well negotiate with the South American Governments to carry their mail from the Zone to Florida up to the \$500 pound limit.

The Company can and has taken the position of submitting proposals to large South American countries to carry mail all the way to the United States. Our Company's counsel, Mr. Elihu Root, Jr., feels that there is some doubt under the existing act of May 8th, as to the authority of the Department in contracting for return mail from the Canal Zone and Porto Rico.

[fol. 2502] On the other hand, the Post Office Department officials feel that the chances of the Comptroller not passing our vouchers for this service, in his estimation are very slight indeed. Nevertheless, it is a hazard and I feel you should be fully informed of this situation.

To remedy the loose language of the existing Act, a new Bill, which was drafted by the Post Office Department after conferences with the Company, has been introduced as an administrative measure. We have been informed that it has every chance of passage at the current short session. I am attaching copy of the existing Act and the proposed Bill.

The most serious difficulties confronting the Company in extending its service throughout South America is the possibility of losing the Northbound contracts from Chile, Argentine and Uruguay.

Beyond the Canal Zone, United States Mail Contracts can be had only on a one-way haul basis. Were the Luft Hansa or the Aero Postale to secure the Northbound contract on a long term basis, as they have already secured the Eastbound mail to Europe, the situation would indeed be grave.

The Company, assisted by the State Department, is making every effort to get these contracts which are the economic key to the South American situation.

We expect favorable action to our proposed concession now pending in Chile within thirty days.

The arrangements we are proposing, for your consideration, would be of inestimable value in speedily securing operating rights in Colombia, and the Northbound Argentine and Uruguayan Mail Contracts.

As soon as these two single matters are cleared up, I feel the Company, in cooperation with Grace, can immediately extend the type of American Air Transport Service to all South America, which our plans contemplated.

The service that would then become immediately available is exactly what the Administration desired a year ago, when the Pan American program was adopted.

In closing, I would advise you that much time has been spent in attempting to clear up this highly competitive and delicate situation which has existed in Colombia for some time past.

In 1933, I personally went to Berlin in October to see the Director of the SCADTA and there attempted to purchase the control of this Company, offering substantially more than what the Company was worth as a going business. For political reasons, however, nothing came of these negotiations, and we must push through Colombia in the face of competition from this well entrenched German Colombia.

The terms of the Versailles Air Convention of 1919, to which Great Britain is a party, includes an American plane from flying through and over British Honduras—a Crown Colony. Here, also, after many negotiations in London and Washington, not only formally through the State Department, but informally with the Colonial Office, the Air Ministry, and Post Office, we have been able to arrive at a solution of the difficulty by persuading the British Government to construe the clause "temporary permission" to mean not a single flight, as heretofore was the case, but "permission to operate for a period up to five years, with renewal for similar periods, subject to the consent of the British Government."

I am sorry I did not include the additional data in my memorandum sent you yesterday afternoon. However, I am

2588

sending this to your office, for your confidential information, by messenger, and hope it will reach you in time to be of service.

Sincerely,

JTT/s

[fol. 2504]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 121

Havana, Cuba  
Sevilla Biltmore Arcade  
Telephone A-2222

Key West, Fla.  
La Concha Hotel Bldg.  
Telephone 377

PAN AMERICAN AIRWAYS, INC.

General Offices

100 East 42nd Street—New York City

January 5, 1929.

Mr. H. Case Willcox,  
25 Broadway,  
New York City.

Dear Sir:

This will confirm our verbal conversation concerning the retention of your services in our interest as follows:

You are to proceed to the Republic of Colombia and to use your best efforts in our interests to secure and to put into execution the program of air service which we have discussed to be introduced in the Republic of Colombia. You are to especially use your best efforts along the following lines:

- (1) To conclude all preliminary transfers, contracts, options, etc. in New York City and also such as are required in the Republic of Colombia, to place the Aviation Corporation of the Americas, Inc. in a position to own or control 100% of the capital stock of the Colombian Aviation Corporation at Bogota and on such portion of stock as is optioned to arrange that we may,

if desired, exercise these options completely at any time up to January 1st, 1930.

(2) Upon the conclusion of the foregoing, you will at once endeavor in Colombia to place the Colombian American Aviation Corporation in the field as an active aviation company. Additional funds over and above the \$10,000.00 originally contemplated to be expended, which shall be required from time to time by the Colombian American Aviation Corporation, may be advanced by A. C. A. through loans against interest bearing demand note. You will at all times keep in mind that to all outward appearances the Colombian American Aviation Corporation is to function as a separate Colombian Aviation Company supported by strong American aviation interests.

In other words, neither the A. C. A. nor the Pan American Airways, Inc. are to be thrust forward or injected into the foreground until you are instructed to do so by myself or another executive officer of the Pan American Airways, Inc.

(3)(a) You will arrange to secure such legal permits and formalities that are required for the Colombian American Aviation Company to operate between some point to be designated on either the Panamanian-Colombian frontier or on the north coast of Colombia, and proceeding southerly to the Colombian Equadorian frontier. It is desired that you clearly understand that this service may be supplemented on both ends by foreign air service furnished by other of our subsidiary companies.

[fol. 2505] (b) As soon as you inform our New York office by cable that the necessary franchises or permits have been secured for the Pacific Coast Service, I will cable to the point where we will arrange to have a seaplane, pilot, and mechanic in waiting to be sent to the Colombian entry point in accordance with the plan between us, which will be formulated in a separate letter.

J.T.T.



(c) We will make arrangements with the heads of the Colombian Steamship Service and also with Captain W. J. Flannagan, President of the Andian National Corporation of Toronto, with a view that they may offer you such facilities to assist you in the projection of our program.

(d) Formal notification will be made through the State Department to the American Minister, resident in Bogota, that you are a properly accredited representative of an affiliated or subsidiary aviation company of the Pan American Airways, Inc.

(e) You will endeavor to secure an air mail contract from the Colombian Government at \$2.00 per flying mile (or the relative value in flying kilometers) over the route known as the Magdalena River Service.

(f) Unless instructed to the contrary by us you will endeavor to secure an air mail contract for a service with right to carry passengers, etc. over a route which we have previously mentioned as the Interior City Circular Land Plane Route, provided no commitment be contained in said contract as to the date of commencement of regular scheduled service other than that of an obligation on the company's part to push the preliminary technical surveys of this route.

(g) To secure an air mail and passenger service along the North Coast of Colombia between the Panamanian and Venezuelan frontiers when authorized to proceed upon this negotiation by us.

4. In brief, you will endeavor to place the Colombian American Aviation Corporation in such a position in Colombia that it will be practically the major mail contractor to the Colombian Government.

\*\*\*\*\*

All letter communications to you will be contained in sealed envelope addressed to you and contained in a larger

sealed plain envelope which is addressed to Mr. Samuel Haskell, General Manager of the Texas Corporation, Apartado Aereo 3622, Bogota, Colombia. All important mail to you will be addressed in this manner and will be stamped with Seadta air mail stamps which, we understand we can purchase at the Interamerican Aerotravel and Supplies, Inc., 11 Broadway, New York City. Mail or letters of minor importance and on which it is not necessary that there be such great speed, we will enclose and send to the same party but with the following change in address: Samuel Haskell, General Manager, Texas Corporation, Apartado Postal 877, Bogota, Colombia. On this latter mail we will place the ordinary U.S. postage stamps which are required for mail to Colombia.

[fol. 2506] In communicating with us by cable you will address us as PANAIR-NEW YORK. In communicating with you by cable we will address you HECAWOX-BOGOTA. All cables to you from us will be signed by the relative secret code five letter combination of the sender. Until further notice Bentley's Complete Phrase Code will be used with a private supplementary code which will be handed to you as enclosure in this letter.

All air mail sent to you will be duplicated by copies sent by ordinary mail once per week and you will follow the same procedure in communicating with us.

You will address all of your mail communications in a sealed envelope addressed to us but contained in a plain white envelope addressed to Mr. R. G. Thatch, Room 2440, Graybar Building, New York City. All letters of yours which require speed will be covered by the existing air mail postage of Colombia.

Four hundred dollars (\$400.00) of your monthly retaining fee will be deposited to your account in the Chase National Bank, 25 Broadway, New York City, on the first of each month, and the first payment will be made on February 1st, 1929.

You will be supplied with the sum of Thirty-Five Hundred Dollars (\$3500.00) prior to your sailing on January

5th for Colombia. From this amount you will deduct the additional Six Hundred Dollars (\$600.00) per month of your retaining fee, and also disburse such necessary traveling and living expenses and such other incidental expenses as you may incur in the carrying out of our plans. The Pan American Airways, Inc. standard form for rendering fourteen day expense accounts will be supplied to you prior to your departure. You will regularly compile and mail by ordinary mail such fourteen day expense account statements promptly. We will arrange to cable you through the National City Bank of New York such additional sums of money as you notify us you will require to replenish and afford a revolving credit to you of at least \$5,000.00, after you have accounted for the expended amounts to date upon the standard expense forms furnished by us. We have arranged that you be supplied with the Collect Card of the All America Cables Inc. which will entitle you to send collect cablegrams from any of the offices of this company abroad. Nevertheless you will submit an accurate account every fourteen days of your cables sent so that this office may check all statements of the All America Cables Inc. before payment. When necessary you will of course have to use the cable or radio services of other cable companies and payment will have to be made by you and charged on your expense account.

Before making any disbursements greater than \$500.00 you will notify us and receive our consent unless such disbursement is in your judgment absolutely necessary in the safeguarding of some of our interests or in the projection of our program.

You will in all cases before taking any step or move of major importance communicate with us and receive our approval unless you find that it is absolutely necessary to act at once to safeguard our interests.

For the purpose of brevity in correspondence it will be mutually understood that the following abbreviations may be used in correspondence.

PANAIR Pan American Airways, Inc.

SCADTA Sociedad Colombo Alemana Transportes de Aereos

Vol. 2507 A. C. A. Aviation Corporation of the Americas, Inc.

Colombian American Colombian American Aviation Corporation

We remain,

Very truly yours,

PAN-AMERICAN AIRWAYS, INC.

By (sgd) J. T. Trippe

J. T. Trippe  
President

Vol. 2508

PAN-AMERICAN WORLD AIRWAYS, INC. EXHIBIT 422

# MEMORANDUM

Date January 12, 1929

To Mr. VALVERDE

Dept.

From Mr. PATCHIN

Dept.

## SUBJECT:

Mr. Harris, General Manager of the Peruvian Airways Corporation cables us that he is in a position to go to Ecuador but he does not state *when* and for this reason have not yet replied to Guayaquil's cable.

I hope you will not think it necessary to instruct Von Linde not to go to Quito under any condition; such is the effect of the cable you propose us attached. If you should instruct Von Linde not to go to Quito under any condition, it seems to me that he will not be in a position to exert the Grace influence at all and that the whole burden would be thrown upon Harris who would probably find it very difficult to be absent from the operations of the Peruvian Airways for an indefinite period.

In other words, I should think the matter ought to be left somewhat to Von Linde's judgment as we know he won't leave Guayaquil for any length of time.

As I won't be here on Monday I have asked Mr. Cogswell to discuss the matter with you.

R. H. P.

[fol. 2509]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 123

# TRANSLATION

## POST OFFICE DEPARTMENT AND RADIO TELEGRAPH SYSTEM OF PERU

LIMA, JANUARY 19, 1929

To the Representative of Huff Daland Dusters, Inc.

On December 17, 1928 the following Supreme Resolution was issued:

"In view of the report of the Postal and Telegraph Administration and in accordance with the Provisions of the Supreme Resolution of November 26, 1928, IT IS HEREBY RESOLVED:

"Authorization is given for the transfer of the contract entered into by the said General Administration with the Huff Daland Dusters, Inc. for airmail transportation, to the Peruvian Airways Corporation, Inc. including parcel post service."

The foregoing is for your information and guidance.

Postal and Telegraph Administration

(Sgd) A. S. SALAZAR  
Secretary General

fol. 2510

Handwritten notation: Is this complete?

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 124

## TENTATIVE ESTIMATE

OF

## PROPOSED AIRWAY SERVICE

BETWEEN

COLON, C.A., and SANTIAGO, CHILE

January 23, 1929

fol. 2511

Service Weekly, Twice Weekly, and Three Weekly

## Distances

I. Colon-Guayaquil	684 miles
II. Guayaquil-Callao	850 "
III. Callao-Iquique	685 "
IV. Iquique-Santiago	675 "
Total Mileage	2994 "

## Flight Equipment

(a) Div. I-II Sikorsky Amphibians  
 III-IV Tri-Motored Fokkers

(b) Div. I-II Sikorsky Amphibians  
 III-IV Single-Motored Land planes

Operating Costs (a)

(b)

1-23-29



ESTIMATED CAPITAL COST AND OPERATING FIGURES  
for South American Countries - General Category - Valparaiso

(a)

Total figure divided into Section I - General Services, Section II - Available to LIA, Section III - Available to Liaison, Section IV - Available to Intelligence

Flight Equipment	No.	Cost	No.	Cost	No.	Cost
Div. I & II						
Sikorsky	2	\$112,000.	3	\$168,000.	4	\$224,000.
Spare Engines	2	13,400.	3	20,100.	4	26,800.
Misc. Plane Equipment		1,000.		1,500.		2,000.
Spare		1,000.		1,500.		2,000.
		\$127,400.		\$191,100.		\$254,800.
Airports	3	45,000.	3	60,000.	4	80,000.
Refueling	2	10,000.	3	15,000.	4	20,000.
Radio	1	10,000.	2	20,000.	3	30,000.
		\$65,000.		\$95,000.		\$130,000.
Crating and Freight		13,000.		20,000.		26,000.
Div. III & IV						
Tri-motored Foxers	2	120,000.	3	180,000.	4	240,000.
Spare Engines	2	13,400.	3	20,100.	4	26,800.
Misc. Plane Equipment		1,000.		1,500.		2,000.
Spare		1,000.		1,500.		2,000.
		\$135,400.		\$203,100.		\$270,800.
Airports	2	45,000.	3	60,000.	4	80,000.
Refueling	3	15,000.	3	15,000.	4	15,000.
Radio	2	15,000.	3	15,000.	4	15,000.
		\$75,000.		\$90,000.		\$110,000.
Crating and Freight		18,000.		21,000.		26,000.
Total of Div. I & II		\$205,000.		\$311,100.		\$394,800.
Total of Div. III & IV		\$214,400.		\$329,100.		\$413,800.
		\$399,400.		\$640,200.		\$808,600.

[fol. 2512]

(3)

2597

(a) cont'd.

CAPITAL EXPENDITURES - DIVISIONS I - II - III - IV

Total of Div: I, II, III, IV	\$530,400.	\$710,000.	\$754,600.
Organization and Develop	20,000.	20,000.	30,000.
Transportation personnel	5,600.	2,700.	10,400.
Contingencies	10,000.	10,000.	15,000.
Working Capital	155,000.	150,000.	200,000.
	<u>\$600,000.</u>	<u>\$700,000.</u>	<u>\$1,000,000.</u>

[fol. 2513]

2398

(4)

(b)

ESTIMATE OF REQUIRED FUNDING FOR  
 DIVISIONS I, II, III & IV  
 1954-55

	1 - Trip per Week	2 - Trip per Week	3 - Trip per Week
Pilot Equipment Div. I, II Div. III & IV	\$225,000.	\$111,100.	\$74,800.
Fairchild - Jasp	65,520.	25,270.	98,280.
Mail Wing - Freight			50,000.
Miscellaneous Plane Equip.	2,000.	1,000.	4,000.
Spare Jasp Engines	13,400.	20,100.	20,100.
Freight			7,800.
Plane Spares	1,500.	2,000.	3,000.
Contingencies	1,000.	1,300.	2,000.
Airports	35,000.	35,000.	35,000.
Refueling	20,000.	20,000.	20,000.
Radio (Reserve)	30,000.	30,000.	30,000.
Crating & Freight	8,500.	15,400.	18,000.
<b>SUB TOTAL</b>	<b>\$176,920.</b>	<b>\$222,280.</b>	<b>\$268,180.</b>
<b>Totals I - II - III - IV</b>	<b>\$401,920.</b>	<b>\$513,380.</b>	<b>\$662,980.</b>
Organization & Development	20,000.	20,000.	20,000.
Transportation personnel	5,000.	5,500.	7,500.
Contingencies	10,000.	10,000.	10,000.
Working Capital	113,000.	120,120.	149,520.
<b>Total Capital required</b>	<b>\$550,000.</b>	<b>\$770,000.</b>	<b>\$850,000.</b>

[fol. 2514]

## OPERATING COST

1/23/29

(a)	Per Trip per Week	Per Trip per Week	Per Trip per Week
New York overhead	\$20,000.	\$20,000.	\$20,000.
<u>Section Organization</u>			
Lanterns 3	10,000.	10,000.	10,000.
Regular clerks 4	9,600.	9,600.	9,600.
Legal 1	1,500.	1,500.	1,500.
Stereographers 3/2	1,500.	1,500.	1,500.
Printing & Incr.	1,500.	2,000.	3,000.
Office rental	2,400.	2,400.	2,400.
Accountant	6,000.	6,000.	6,000.
• Clerks 2	4,500.	4,500.	4,500.
Tel. & Tel.	1,500.	2,000.	2,500.
<u>Intermediate Ports</u>			
Clerks 10/2	6,000.	6,000.	12,000.
Expenses \$5/trip	200.	10,400.	15,400.
<u>Flight Organization</u>			
Pilots 3	30,000.	42,000.	54,000.
Flight Mechanics 5	18,000.	20,200.	32,400.
Mechanic helpers 6	9,600.	14,000.	19,200.
Radio operations 1	9,000.	18,000.	24,000.
• Engineer	4,800.	4,600.	4,800.
<u>Ground Organization</u>			
Mechanics 4	9,600.	12,000.	14,400.
Radio Operators 4	12,000.	10,000.	18,000.
Master Mechanics 2	2,600.	9,600.	9,600.
Active	2,200.	10,800.	14,400.

(a) cont'd.

(OPERATING COST - ANNUAL) - Cont'd.

1/23/29

[fol. 2316]

	1 Trip per Week	2 Trips per Week	3 Trips per Week
<u>Supplies &amp; Repairs</u>			
Airplane Spares at \$2./hr	7,506.	15,392.	23,088.
Engine Spares at \$3./hr.	11,544.	23,088.	34,632.
Fuel at \$25./hr.	96,200.	192,400.	288,600.
Insurance	52,560.	78,840.	105,120.
Dep. Airplanes	75,100.	161,100.	241,500.
Engines	66,400.	132,700.	199,000.
Ground Equip.	13,000.	13,000.	13,000.
Interest at 4%	15,000.	30,000.	45,000.
<u>TOTAL</u>	351,600.	703,200.	1,054,800.
Miles flown	304,400.	608,800.	913,200.
Cost per mile	\$1.46	\$1.19	\$1.15
Add. Traffic	.20	.18	.16
Cost per Mile	1.66	1.37	1.31
Contingencies	.04	.03	.02
General (see page 6)			.22 (\$1,352.00)
Final cost per mile			\$1.35

OPERATING COST  
(Estimated)  
1942-1943 - 104 ALPAYS

	1 Trip per Week	1 Trip per Week	1 Trip per Week
New York Overhead	\$20,000.	\$25,000.	\$30,000.
<u>Personnel Organization</u>			
Liaisons 3	10,000.	30,000.	30,000.
Superintendents	7,200.	7,500.	15,000.
Regular clerks 3	1,800.	12,000.	12,000.
Stenographers 3/2	6,000.	3,600.	3,600.
Accountant 1	4,200.	6,000.	6,000.
" " clerk 2	1,500.	4,800.	4,800.
Tel. & Tel.	1,500.	2,000.	2,500.
Printing & Incidentals	2,400.	2,000.	2,500.
Light & Heat	5,000.	10,000.	15,000.
Publicity	2,400.	12,400.	2,400.
Office Rentals	( 2,600.)	(127,700.)	(126,200.)
<u>Intermediate Ports</u>			
Clerks 10/2	6,000.	9,000.	12,000.
Expenses 35/trip	5,200.	10,400.	15,600.
	( 93,400.)	(127,100.)	(153,800.)
<u>General</u>			
Maintenance	10,000.	10,000.	10,000.
Travelling	3,800.	7,700.	11,500.
Taxes	3,400.	7,700.	11,500.
Agency fees	4,000.	7,700.	11,500.
Custom fees	1,000.	8,000.	12,000.
General fees	(121,200.)	(171,200.)	(214,300.)



(t) cont'd.

(COSTS)

(1941)

	1 Trip per Week	1 Trip per Week	1 Trip per Week
<u>Flight Organization</u>			
Pilots	30,000.	30,000.	30,000.
Pilot Mechanic 2	7,000.	10,000.	14,400.
Mechanic Helpers 2	4,000.	4,000.	4,000.
Radio Operators 2	6,000.	6,000.	10,000.
	(160,000.)	(100,000.)	(100,500.)
<u>Ground Organization</u>			
Master Mechanics 1	4,000.	6,000.	4,000.
Mechanics 4	5,000.	14,000.	12,000.
Helpers 4	7,000.	10,000.	14,000.
Radio Engineer 1	4,000.	4,000.	4,000.
Radio Operators 4	12,000.	12,000.	12,000.
Contingencies	1,000.	15,000.	10,000.
	(217,000.)	(300,000.)	(200,700.)
<u>Supplies &amp; Repairs</u>			
Airplane Spares at \$2/hr.	7,636.	16,300.	3,000.
Engine Spares at \$3/hr.	11,500.	24,000.	4,632.
Fuel at \$15/hr.	57,720.	115,140.	13,160.
	(294,550.)	(355,000.)	(13,800.)
<u>Insurance</u>	45,000.	50,000.	70,000.
Dep. Airplanes	55,000.	100,000.	100,000.
Dep. Engines	45,000.	21,000.	14,000.
Dep. Ground Equip.	13,000.	13,000.	13,000.
Interest at 6%	11,000.	20,000.	11,000.
<b>TOTAL</b>	<b>346,860.</b>	<b>370,400.</b>	<b>340,000.</b>
Miles flown	344,800	344,800	344,800
Cost per mile	\$1.26	\$1.07	\$1.07
Traffic (allowance)	.20	.18	.18
Contingencies	.04	.03	.03
Final Cost/mile	1.50	1.28	1.28

## PROPOSED AIR LINE - WEST COAST OF SOUTH AMERICA

Ports of call		Distances - Miles	
		Between Ports	Total
Colon/Cristobal,	Canal Zone	172	172
Las Pinas,	Panama	31	203
Barro,	Colombia	217	420
Baraventura,	"	18	438
Curaco,	"	8	446
Esmeraldas,	Ecuador	8	454
Guayaquil,	"	8	462
Talara,	Peru	8	470
Paite,	"	8	478
Pimentel,	"	8	486
Pacasmayo,	"	143	629
Trujillo/Salaverry,	"	49	678
Lima/Callao,	"	8	686
Pisco,	"	309	995
Ica,	"	134	1129
Mollendo,	"	50	1179
Arica,	Chile	327	1506
Iquique,	"	180	1686
Antofagasta,	"	120	1806
Chanaral,	"	80	1886
Coquimbo,	"	109	1995
Valparaiso/Santiago,	"	253	2248

[fol. 2521]

STATE OF COLORED (For 1925 to Oct. 30th) - PAN AMERICAN AIRWAYS  
Under heading "Traffic"

Item	Amount	C. C. O. B. E. R.		T. T. D. O. D.	
		Cost per	Amount	Cost	per mile
		1 Mile			
Supervision	4,333.00	.023	4,333.00	.051	
Solicitation	203.30	.015	203.30	.037	
Agency Commission	32.00	-	32.00	.009	
Stationery & Other	555.00	.045	555.00	.050	
Traveling ex- penses	337.30	.070	337.30	.039	
Promotional Advertising	-	-	3,245.15	.030	
Automotive Service	311.65	.011	311.65	.001	
Tel. & Cable	97.00	.001	97.00	.003	
Other expenses	1,070.90	.057	1,070.90	.034	
	3,323.00	.178	25,040.2	.030	

The following figures comprise an estimate of traffic expenses for west coast of South America service. This estimate was made in collaboration with Mr. Gaine, Accountant for Pan American Airways.

Miles flown annually 1,150,000.

Item	Amount	Actual	
		Cost per	per mile
Traffic Manager	7,000.	.010	
Asst. " " (2)	12,000.	.010	
10 Division Agents	40,000.	.030	
10 Intermediate Agents (1/2 time)	5,000.	.020	
Total management	68,000.	.060	

[fol. 2522]

Item	Amount	ANNUAL Cost per mile
(Brought Forward) . . .	\$ 66,500.	.000
Outside Agencies	2,500.	.000
Clerical salaries	5,000.	.004
Traveling expenses	10,000.	.007
Publicity	15,000.	.011
Automotive Service	5,000.	.007
Tel. & Tel.	3,000.	.000
Office Rent	10,000.	.009
Other Expenses	50,000.	.000
	100,500.	.037
Grand Total	169,000.	.147

The Grace organization as Agents would probably receive \$109,000. per year, the following accounts being directly chargeable to operations:

Outside Agencies	\$ 2,500.
Traveling Expenses	10,000.
Publicity	15,000.
Automotive Service	5,000.
Tel. & Tel.	3,000.
1/2 Other Expenses	25,000.
	60,500.

[fol. 2523]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 125

PAN AMERICAN AIRWAYS INC.  
MEMORANDUM

Date January 25, 1929.

To. J. T. Trippe                      From Walter Phelps Jacob  
Subject Estimates attached.

The attached estimate considers the proposed airway service on the west coast of South America from two angles:

First: Based on multi-motored equipment utilizing Sikorsky Amphibians between Colon, C.Z. and Callao, Peru, and tri-motor Fokkers between Callao, Peru and Santiago/Valparaiso, Chile, as set forth in pages 3 and 4, with corresponding operating costs on pages 6 and 7.

Second: Utilizing the same equipment, or Sikorsky Amphibians between Colon, C. Z. and Callao/Lima, Peru, substituting on the run between Callao/Lima, Peru and Santiago/Valparaiso, Chile single-motored land planes for the tri-motored Fokkers. On this latter service it is proposed to use Fairchild 7 place cabin monoplanes with Wasp motors on the schedule of either one or two trips per week. In the case of three trips per week, the third trip will be equipped with Mil-wing planes with Wright motors which will be restricted solely to the transportation of mail, carrying absolutely no passengers. The capital estimated for this service is shown on page 5 and the corresponding operating costs are set forth on pages 8 and 9.

Under capital expenditures the allowances for airports is detailed as follows:

Hangars	\$10,000/\$5,000.
Trucks, etc.	2,000.
Gas-pumps & tanks	2,000.
Tools, fire extinguishers, etc.	2,000.
Freight	1,000.
Contingencies	3,000.
Total	<hr/> \$20,000.

[fol. 2524]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 126

New York City, N. Y.,

January 28th, 1929.

Pan American Airways, Inc.,  
122 East 42nd Street,  
New York City.

Dear Sirs:

Subject to your Company acquiring the necessary operating rights in Colombia, and our Company acquiring such privileges, on a reciprocal basis, in the Canal Zone, we hereby agree, in consideration of the sum of One Dollar (\$1.00), receipt of which is hereby acknowledged, during the next eight months, to give you exclusive landing privileges at our Airports at:

Buenaventura and  
Tumaco, Colombia.  
Esmeralda and  
Caraquez,  
Guayaquil, Ecuador.

Compensation for the use of such facilities will be the usual fee commensurate for services rendered under similar conditions elsewhere.

We would request you, during this period, not to appoint our Agents to represent you in this territory.

In addition, of course, in the event of emergency, we will extend to you the courtesy of all our facilities, which we understand you in turn will extend to us.

Yours very truly,

Seadta.

Dr. P. P. Von Bauer

PPV/s



[fol. 2525]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 127

## C O P Y

ADVERTISEMENTS FOR FOREIGN  
AIR MAIL SERVICE

## POST OFFICE DEPARTMENT

Washington, D.C., January 31, 1929

Sealed proposals will be received at the Office of the Second Assistant Postmaster General until 12 o'clock noon February 28, 1929, for carrying mails by air for a term of ten years from April 1, 1929, of such subsequent date as may be ordered by the Postmaster General, on the following described route, by a schedule satisfactory to the Postmaster General in safe and suitable aircraft.

From Cristobal, Canal Zone, by Buenaventura and Tumaco, Colombia, Esmeraldas and Guayaquil, Ecuador, Talara, Traxillo, Lima, Lomas and Mollendo, Peru, Arica, Iquique, Antofagasta, Caldera and Coquimbo, to Santiago, Chile, and return, three times a week.

(The contractor may be permitted to omit service south of Mollendo, Peru, for a reasonable time at the discretion of the Postmaster General, pending completion of operating arrangements.)

Service on this route may be extended at the option of the Post Office Department, from Santiago, Chile, by such intermediate points as the Postmaster General may determine, to Buenos Aires, Argentina, and Montevideo, Uruguay, and back, at not exceeding pro rata allowance of additional pay.

All bidders must submit with their bids evidence satisfactory to the Postmaster General that they are in a position to begin service within the time required and properly maintain it.

The specified load required at the mileage rate will not exceed 800 pounds a trip each way. Any excess mails shall be carried at rates per pound.

Bids must state rate per mile for the specified load of not exceeding 800 pounds, and a rate per pound per thousand miles for excess mails; such rate for excess mails to bear the ratio of 50 per cent of the rate per mile for the specified load; that is, if a bid is \$2.00 a mile for the specified load the rate for excess mails must be \$1.00 per pound per thousand miles or pro rata thereof for greater or less mileage, or if a bid is \$1.50 a mile for the specified load the rate for excess mails must be \$0.75 per pound per thousand miles or pro rata thereof for greater or less mileage, etc. No other bids will be considered.

Approximate mileage, subject to correction, 3,400 miles.  
Bond required with bid, \$25,000.

#### FURTHER PROVISIONS OF THE ADVERTISE- MENT AND INSTRUCTIONS TO BIDDERS.

The Department reserves the right to increase or decrease the number of intermediate stops; or the number of trips per [fol. 2526] week, and to change the termini of the route, to dispatch mail on any plane of the contractor flown over the route, and to modify or change the schedule as the needs of the service require; also to extend or curtail the route, with pro rata allowance or deduction of pay.

The contractor will be required to receive and deliver mails at each post office on the route, unless other provision is made by the Department.

The contractor must make his own arrangements for landing fields, lighthouses, radio stations and such other aids to navigation as may be necessary for the proper performance of the service.

No compensation will be allowed for trips not performed. However, pro rata pay will be allowed for the airline distance between stated points on the route traversed in a partially completed trip, within the discretion of the Postmaster General.

Deductions from pay may be made for suffering the mails to become wet, injured or destroyed or when a grade of service is rendered inferior to that stipulated in the contract; and for the loss of or depreciation upon the mails.

in the custody of the contractor or his agent, provided the loss is occasioned by their fault, or for other delinquencies in the discretion of the Postmaster General.

The Postmaster General may annul the contract or impose forfeitures, in his discretion, for repeated failures or for failure to perform service according to contract; for violating the Postal Laws and Regulations; for disobeying instructions of the Post Office Department; for subletting service without the consent of the Postmaster General, or assigning or transferring the contract; for combining to prevent others from bidding for the performance of postal service, and such annulment shall not impair the right of the Department to claim damages from the contractor and his sureties.

If in the opinion of the Postmaster General, the development of aircraft should be such as to render the equipment used on the route obsolete, so that it no longer meets the needs of the Department, the Postmaster General may call upon the contractor to provide suitable equipment and in the event of his failure to do so within such reasonable time as shall be given him, may terminate the contract.

Assignments of contracts or of interest in contracts are forbidden by law, and consequently cannot be allowed. Neither can bids nor interest in bids be transferred or assigned to other parties. Bidders will therefore take notice that they will be expected to provide the service awarded to them through the whole contract term.

Contractors under this advertisement may be permitted to sublet service to acceptable persons, by permission of the Postmaster General, at not less than the contract rate of pay.

[fol. 2527] The contract for the service shall contain, among others, the following covenant:

The contractor warrants that he has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Government the right to annul the contract, or, in its discretion, to deduct

from the contract price or consideration the amount of such commission, percentage, brokerage, or contingent fees. This warranty shall not apply to commissions payable by contractors upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business.

## PROPOSALS

Proposals submitted in response to this advertisement will be subject to the Postal Laws and Regulations and to the conditions and requirements set forth in the instructions to bidders, copies of which, together with blank forms of proposal and accompanying bond, can be obtained from the Second Assistant Postmaster General, Division of International Postal Service, Washington, D.C., or from the Postmaster at the office where this circular is posted.

All proposals must be in the form prescribed by the Department and accompanied by a bond in the sum above stated with two or more individual sureties approved by a postmaster of the first, second or third class, which bond must be acceptable to the Postmaster General, such sureties to be shown to be owners of real estate valued above all incumbrances at an amount double the amount of the bond required, or a surety company which has complied with the provisions of the acts approved August 13, 1894, and March 23, 1910. A list of such surety companies may be found on Page 60 of the Official Postal Guide for July, 1928, a copy of which is furnished each postmaster. In lieu of surety bonds, bidders may deposit U. S. bonds amounting to \$25,000, in accordance with Department requirements.

Bidders and their sureties are urged to acquaint themselves fully with the laws of Congress relating to contracts for carrying the mails (the more important provisions relating to Air Mail Service of which are cited herein) and to familiarize themselves with requirements set forth in this advertisement and with the service to be performed before they assume any liability as bidders or sureties, so as to prevent misapprehension or cause of complaint thereafter.

Bids should be for service as stated in the advertisement.

Bidders should state the number of planes it is proposed to provide for carrying the mails on the route (including the number in reserve for each plane in the air); description of planes, showing number of motors, horsepower, speed, cruising radius. All planes operated on the route must be satisfactory to the Postmaster General.

[fol. 2528] Bids in response to this advertisement should not exceed \$2.00 per mile for a maximum load of 800 pounds.

When a bid is signed by an incorporated company, it should be accompanied by evidence of the authority of the person signing the bid so to sign on behalf of the company. Such evidence may be a certified copy of the proceedings pursuant to which the person was elected or appointed an officer or agent of the company and that part of the by-laws showing his authority as such officer or agent to sign the bid; or a certified copy of a resolution of the board of directors or stockholders conferring such authority upon him.

Decision as to award of contract will be made as soon as practicable after the date of expiration of the advertisement, and the accepted bidder will be required to execute the formal contract prescribed by the Department covering service advertised with good and sufficient sureties acceptable to the Postmaster General, and file such contract within thirty days from date of acceptance of the proposal. The Postmaster General reserves the right to reject any and all bids.

If the accepted bidder fails to file a properly executed formal contract for the service in the Department within thirty days from the date of acceptance of the bid, or having executed the contract fails to provide the service required, he may be declared a failing bidder or contractor and proceedings taken according to law.

A proposal altered, or incomplete, in any of its essential terms can not be considered in competition with bids submitted in proper form.

Bids should be forwarded in time to reach the Office of the Second Assistant Postmaster General not later than

the time stated in the advertisement. Bids received after that time will not be considered in competition with bids received within the prescribed time.

Bids should be sent in *sealed envelope*, *superscribed "Airplane Proposal"* and addressed to the "Second Assistant Postmaster General, Division of International Postal Service, Post Office Department, Washington, D.C."

Harry S. New  
Postmaster General.

[fol. 2529]

PAN AMERICAN WORLD AIRWAYS INC. EXHIBIT 128

## PAN AMERICAN AIRWAYS INC. MEMORANDUM

Date February 19, 1929.

To Mr. R. H. Patchin, Vice President.

W. R. Grace & Company

From Walter P. Jacob.

In reference to the tentative estimate of proposed airway between Colon, C.Z., and Santiago, Chile, I have just had a conversation with Mr. Tripp regarding the attached estimate, and he has expressed the following opinion:

The estimate itself sets forth what he believes to be a minimum working proposition. He feels that the line could be established within these figures, but that from the experience of the Pan American Airways, Inc., the actual requirements will probably run into a much larger figure.

He reports a conversation which Colonel Lindbergh had with Mr. Hoover last week, in which Mr. Hoover stated very emphatically that he felt the Miami to Panama Airline, and any airlines developed south of Panama throughout South America should be developed not alone with a view to carrying mails, but also to establishing a safe and thoroughly equipped passenger service. In order to accomplish this, he said that not only should the flying equipment be



of the best possible, but also the ground equipment should be made of the highest type. He emphasized the probable necessity of properly equipped machine shops, and establishment of radio stations.

In referring to the foregoing, Mr. Trippe states that an allowance of \$750.00 an airway mile should be considered as a possible necessity for carrying out these ideas. This, in the case of the Panama-Santiago, Chile, run, would make a total requirement of approximately \$2,700,000.

Although in making a bid for the United States air mail contract between Panama and Santiago, Chile, multi-motored flying equipment, or its equivalent, will have to be stipulated, yet it is highly probable that such will not be required at the outset. It is conceivable that all multi-motored planes will not be required on a three-trip-a-week schedule at any time, unless the operating air company determines to do so through their own policy, but that for one or two of these trips single motored planes could be substituted.

These questions are highly problematical, and of course there is very little precedent to go on, but the experience of Pan American Airways, Inc., indicates that the Post Office Department will cooperate to the fullest extent and make every effort possible to assist the contractors in carrying out their obligations on the most economical basis possible.

sgd. WALTER P. JACOB

WPJ:B

[fol. 2530]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 129

# DEPARTMENT OF STATE

FOR THE PRESS

February 23, 1929

## AIRCRAFT FACILITIES IN UNITED STATES, PANAMA CANAL ZONE, AND COLOMBIA

The Secretary of State, Mr. Frank B. Kellogg, and the Minister of Colombia, Dr. Enrique Olaya, today signed an

exchange of notes identical in effect. Following is the text of the note signed by the Secretary of State:

February 23, 1929

"Dr. Enrique Olaya,  
Minister of Colombia,  
Washington, D. C.

Sir:

"With reference to the conversations which you have had recently with the Department of State regarding the facilities which aircraft of United States registry will enjoy in Colombia for commercial aviation service and, reciprocally, in the United States including the Panama Canal Zone aircraft of Colombian registry, I take pleasure in confirming, by means of the present note, the understanding at which we have arrived, to wit:

"Commercial aircraft of United States registry will have permission to fly along the Atlantic and Pacific Coasts of Colombia and over the territory immediately adjacent thereto, to land on land or water, fuel, make repairs, and ship and discharge passengers, mail and cargo, in the Atlantic and Pacific ports of Colombia where there are authorities charged with carrying out the pertinent regulations, subject to regulations and provisions equivalent to those established for commercial aircraft of Colombian registry in the enclosures to this note.

"Reciprocally, commercial aircraft of Colombian registry will have permission to land on land or water in the Atlantic and Pacific ports of the United States including those of the Panama Canal Zone, and to fly between the ports of the Canal Zone following the route designated by the Governor of the Panama Canal, fuel, make repairs and ship and discharge passengers, mail and cargo, subject to the regulations and provisions which are enclosed with the present note, as follows:

"For the continental United States, the Air Commerce Act of 1926 and the Regulations promulgated pursuant thereto; for the Panama Canal Zone, Executive Orders Nos.

4971 and 5047 of September 28, 1928, and February 18, 1929, respectively, and the Provisional Regulations of the Governor of the Panama Canal issued pursuant thereto.

"All aircraft must carry out the respective Governmental regulations of both countries.

"If either of the two Governments decides to terminate the permission to which this agreement refers or to modify the regulations or provisions, it will give ninety days' previous notice thereof to the other Government.

"It is understood that the two Governments agree and will endeavor to give the greatest possible facilities to aircraft in international commercial communication service in order that they may land on land or water, fuel, and carry out the other services above mentioned with all desirable [fol. 2531] speed and efficiency.

"Accept, Sir, the renewed assurance of my highest consideration.

(Signed) FRANK B. KELLOGG  
Secretary of State.

[Text of above letter also appears in Spanish in *Diario Oficial*, Colombian Government, No. 21065, April 12, 1929.]

[fol. 2532]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 130

[Handwritten notation: 2, 26, 29]

### AIR MAIL PROPOSAL, BOND AND OATHS

The undersigned, Pan American Grace Airways, Inc., whose post office address is 122 East 42nd Street, New York, N.Y., hereby proposes to carry the mails in safe and suitable aircraft on the route from Cristobal, Canal Zone, by Buenaventura and Tumaco, Colombia, Esmeraldas and Guayaquil, Ecuador, Talara, Trujillo, Lima, Longos, and Molendo, Peru, Arica, Iquique, Antofagasta, Caldera and Coquimbo to Santiago, Chile and back, 3 times a week, on a schedule satisfactory to the Postmaster General for a term

of two years beginning April 1, 1929, or such subsequent date as the Postmaster General may order, in accordance with the advertisement of the Postmaster General dated January 27, 1929, for compensation at the rate of \$1.80 per mile each way for the specified and of not exceeding 800 pounds each way, plus a rate per pound equal to 50 per cent of said mileage rate, \$0.90 per pound per foot and miles, or proportion thereof for greater or less mileage, for any excess required to be carried on the same aircraft.

I propose to furnish the equipment specified below, or equal Number of planes 12 of which number 6 will be in use on the trips contemplated by the contract to be executed pursuant to this proposal and 6 held in reserve. Type of plane Cabin monoplanes of American manufacture Horsepower 421, 840, 1260 Speed at least 120 miles per hour cruising radius at least 500 miles number of motors multi-engined except that 4 planes held in reserve will be single engined and that such planes may be made otherwise technically applicable consistent with the post office service.

This proposal is made in my own interest and not by me as the representative of another person or company, and with full knowledge of the distance over the route, the weight of the mail to be carried and all other particulars set forth in reference to the route and service, and also after careful examination of the terms and instructions attached to said advertisement, and I accepted, I will enter into contract, with sureties to be approved by the Postmaster General within thirty days after date of acceptance. I certify that I have employed no third person to solicit or obtain the contract upon compensation in any way contingent upon such procurement.

AMERICAN OVERSEAS AIRWAYS, Inc. Borden

BY J. T. Tripp  
Agent

Attest:

W. F. Cogswell  
Secretary

Date February 26, 1929.

## BIDDER'S OATH

I, the undersigned bidder for carrying the mail on route from Cristobal, Canal Zone to Santiago, Chile, and return do swear that I have the ability, pecuniarily, to fulfill my obligation as such bidder; that the bid is made in good faith and with the intention to enter into contract and perform the service in case said bid shall be accepted.

(Bidder sign here) PAN AMERICAN GRACE AIRWAYS, INC.

By J. T. TRIPPE  
agent

Subscribed and sworn to before me this 26th day of February, 1929.

E. S. Swaggerty  
Notary Public

(SEAL)

[fol. 2524]

## BOND

KNOW ALL MEN BY THESE PRESENTS, That Pan American Grace Airways, Inc. of New York City, in the State of New York, principal, its sureties, are held and firmly bound unto the United States of America in the just and full sum of Twenty-five Thousand (\$25,000) dollars, lawful money of the United States, to be paid to the said United States of America or its duly appointed or authorized officer or officers; to the payment of which, well and truly to be made and done, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, by an act of Congress approved June 23, 1874, entitled "An act making appropriations for the service of the Post Office Department for the Fiscal year ending June thirtieth, eighteen hundred and seventy-five, and for other purposes," it is provided: "that every proposal for carrying the mail shall be accompanied by the bond of the bidder, with sureties approved by a postmaster," in pursuance whereof and in compliance with the provisions of said law, this bond is made and executed, subject to all the terms, con-

ditions, and remedies thereon, in the said act provided and prescribed, to accompany the foregoing and annexed proposal of the said Pan American Grace Airways, Inc., bidder.

NOW, THE CONDITION OF THE SAID OBLIGATION, IS SUCH, That if the said bidder, as aforesaid shall, within thirty days from the date of acceptance of the bid, enter into a contract with the United States of America, with good and sufficient sureties to be approved by the Postmaster General, to perform the service proposed in his said bid, and further shall perform said service according to his contract, then this obligation shall be void; otherwise to be in full force and obligation in law.

IN WITNESS WHEREOF, We have herewith set our hands and seals this 26th day of February, 1929.

(Bidder sign here) PAN AMERICAN GRACE AIRWAYS, INC.

By: J. T. TRIPPE  
Agent

[SEAL]

Attest:

W. F. Cogswell, Sec'y  
(Sureties sign here)

Witness:

Walter P. Jacob  
H. Preston Morris

Feb. 25/35

# CERTIFICATE OF POSTMASTER AS TO BIDDER

(To be executed if the sole surety on the bond is a surety company)

I, the undersigned, postmaster at Washington, D.C., after the exercise of due diligence to inform myself concerning Pan American Grace Airways, Inc. bidder and principal in the foregoing bond, do hereby certify that, in my belief, he is reliable and trustworthy and has the pecuniary ability to perform the service contemplated by this proposal; that the amount of compensation was entered in the



proposal before the signing of this certificate: that he is over twenty-one years of age, and not a postmaster, assistant postmaster, clerk in a post office, or a member of the immediate family of a postmaster or an assistant postmaster.

W. M. MOONEY  
Postmaster

Dated, Feb. 28, 1929.

Note.—The last above certificate must not be signed until the proposal is completed (except the signing of the bond on behalf of the surety company).

A postmaster must not divulge the amount of any proposal certified by him.

Any alteration by erasure or interlineation, of a material part of the foregoing proposal or bond, may cause it to be rejected, unless it appears by a note or memorandum of all parties to the bond that the alteration was made before the bond was signed and sealed.

If individual sureties are given, there must be at least two.

[fol. 2536]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 131

March 1, 1929

The Honorable, The Postmaster General  
Post Office Department  
Washington, D. C.

Dear Sir:

With reference to our bid to provide air mail service from Panama to Santiago, Chile, we beg to call your attention to the fact that we are not presenting a project to create an entirely new air transport service in South America. We are already a going concern with service over 1400 miles in Ecuador and Peru. We are owned by Pan American Airways, Inc., the only American company with experience

in air transport to foreign countries, and by W. R. Grace & Company, the only American concern having transportation, commercial and industrial organizations throughout the west coast of South America.

Our existing operations have been tested by experience. We have concessions and permits authorizing prompt operation in all countries, and we have already testified our faith by substantial investments in our existing going lines, operated despite loss in order to hold open the door for American commercial aviation in South America.

Respectfully,

Pan American Grace Airways, Inc.

By

Vice President

[fol. 2537]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 132

IMMEDIATE RELEASE INFORMATION SERVICE  
MARCH 2, 1929 POST OFFICE DEPARTMENT

[Handwritten notation: "2505" re Contract No. 9—Initial illegible]

Postmaster General New today awarded to the Pan American Grace Airways, of New York City, the contract for carrying the air mail between Cristobal, Canal Zone, and Santiago, Chile, which route, when put into operation, will be the longest one in the world.

In awarding the contract, Postmaster General New made the following statement:

"It is directed that the proposal of the Pan American Grace Airways, Inc., of New York, N. Y., submitted in response to the advertisement of January 31, 1929, for air mail service on the route between Cristobal, Canal Zone, and Santiago, Chile, for service as stated in the advertisement be accepted at the rate of \$1.80 per mile and \$9.90 per pound, as stated in their proposal.

"In making this award the matter of the financial ability of the leading bidders or the integrity of the competing companies is not considered. That may be conceded. The award of contract is based on other but very material considerations.

"This is the most important air mail contract that has yet been awarded. Its importance goes not alone to the financial ability of the bidders but more directly and to a far greater degree to their proven and recognized capacity for performing the service contemplated.

"The Pan American Company has filed evidence of extensive preparation for the operation of an air mail route through the countries with which arrangements are necessary. It has had this particular service in view for the last two years and has for that length of time been conducting negotiations and perfecting arrangements for the carrying on of the service if in the fulness of time it should be [fol. 2538] awarded the contract for it. It has the required franchises under which to operate in the countries to be served and over which the line passes. It is indeed operating through subsidiary companies already in existence over a considerable portion of the route under consideration. In addition to this it will have the benefit of all the facilities of the Grace Line of steamers now operating a firmly established service by sea along the whole line of the proposed air mail route.

"The low bidder does not have these facilities. It has not the advantage of a functioning organization and of an operating personnel already in the field. According to the statement of its president, which is a part of the file in this case, the company has no flying equipment. A number of gentlemen of undoubted financial ability have subscribed to this company's stock but it is admitted by its president that these subscriptions are dependent upon the award of contract to the company. It is thus plainly apparent that it has not the important advantage of possessing a fixed and functioning organization equipped to enter upon the work. I am convinced that under the most favorable circumstances the low bidder could not possibly place itself

in position to perform this service without the lapse of much time.

In awarding the contract to the Pan American Company I am also greatly influenced by information obtained direct from the United States Ambassador to Cuba, Honorable Noble B. Judah. The Ambassador has informed me that the president of the company appearing as low-bidder has figured in one or more projected aeronautical enterprises in Cuba, where his experiences have been unfortunate, resulting in complete failure. On the other hand, the Ambassador states that the Pan American Company is now operating lines to and through Cuba in a conspicuously successful manner.

[fol. 2539] "I would repeat that the contract in question is for a route most difficult to serve but at the same time of very great and far-reaching importance not only to the public but to the whole future of transportation by air. Failure would be a serious blow to the prestige of American aeronautical enterprise.

"Because of the facts herein enumerated, I am firm in the opinion that the best interests of the service, the Government, and the public to be served require that the award be made to the company best equipped to perform the service and I therefore make the award to the Pan American-Grace Airways, Inc., of New York."

[fol. 2540]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 133

March 2, 1929

ORDER NO. 8620

Route No. F.A.M. 9

The proposal of the Pan American-Grace Airways, Inc., of 122 East 42nd Street, New York, N.Y., under the advertisement of January 21, 1929, for carrying the mails in safe and suitable aircraft from Cristobal, Canal Zone, by Buenaventura and Tumaco, Colombia, Esmeraldas and Guayaquil, Ecuador, Talara, Truxillo, Lima, Lomas and

Mollendo, Peru, Arica, Iquique, Antofagasta, Caldera and Coquimbo, to Santiago, Chile, and return, three times a week, by a schedule satisfactory to the Postmaster General for a period of ten years from April 1, 1929, at the rate of \$1.80 per mile each way for the specified load of, not exceeding 800 pounds each way, plus the rate of 90 cents a pound per thousand miles or pro rata thereof for greater or less mileage for any excess mails required to be carried in the same aircraft, is accepted; contract to be executed accordingly.

(signed) HARRY S. NEW  
Postmaster General

[fol. 2541]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 134

### CONTRACT FOR FOREIGN AIR MAIL SERVICE

Route No. F. A. M. 9.

This Contract, made this 2d day of March, 1929, by and between the United States of America (by the Postmaster General) and the Pan American-Grace Airways, Inc., a corporation organized and existing under the laws of the State of Delaware; Contractor:

WITNESSETH, that whereas the said Pan American-Grace Airways, Inc., has been accepted as contractor on route No. F. A. M. 9 in conformity with the advertisement inviting proposals for the service specified herein, issued by the Postmaster General under date of January 31, 1929:

NOW THEREFORE, The said contractor undertakes, covenants and agrees with the United States of America:—

1. To carry mails for the United States of the specified load of not exceeding 800 pounds a trip each way and any excess mails required to be carried in safe and suitable aircraft from Cristobal, Canal Zone, by Buenaventura and Tumaco, Colombia, Esmeraldas and Guayaquil, Ecuador,

Talara, Truxillo, Lima, Lamas and Mollendo, Peru, Arica, Iquique, Antofagasta, Caldera and Coquimbo to Santiago, Chile, and return, three times a week, by a schedule satisfactory to the Postmaster General, and to perform the services and undertakings in connection therewith as specified in this contract, for and during the term of ten (10) years beginning April 1, 1929. (The contractor may be permitted to omit service south of Mollendo, Peru, for a reasonable time at the discretion of the Postmaster General, pending completion of operating arrangements.)

2. To receive and deliver the mails at each post office on the route, unless other provision is made by the Department. The contractor also undertakes, covenants and agrees with the United States and binds itself to be answerable [fol. 2542] in damages to the United States for the proper care and transportation of the mails, and to be accountable for any loss or damage resulting to any such mail or any part thereof by reason of the failure to exercise due care on the part of any of contractor's officers, agents or employees in the custody, handling or transportation thereof.

For the services herein specified when performed in accordance with the provisions of this contract and evidence thereof shall have been filed with the Postmaster General, the said contractor is to be paid by the United States at the rate of \$1.80 per mile each way for the specified load of not exceeding 800 pounds each way, plus the rate of 90 cents per pound per thousand miles or pro rata thereof for greater or less mileage for any excess mails required to be carried in the same aircraft, based on statute miles by the shortest practicable airway distance between points on the route as determined by the Postmaster General; payments to be made monthly and as soon after the close of each month as accounts can be adjusted and settled; said pay to be subject, however, to be reduced or discontinued by the Postmaster General as hereinafter stipulated, or to be suspended in case of delinquency.

It is further stipulated and agreed by the contractor:—

1. That in case of failure from any cause to perform any service required by this contract a pro rata deduction shall

be made from the compensation of the contractor on account of such omitted service, except that pro rata pay will be allowed for the airway distance flown between stated points on the route traversed on a partially completed trip if no delay in the mails over the ordinary means of transportation has resulted.

2. That deduction from pay may be made for suffering the mails to become wet, damaged or destroyed, or when a grade of service is rendered inferior to that stipulated in [fol. 2543] the contract, or for the loss of or depredation upon the mails in the custody of the contractor or its agent, provided the loss is occasioned by their fault, or for other delinquencies, in the discretion of the Postmaster General.

3. That the Postmaster General may annul the contract or impose forfeitures, in his discretion, for repeated failures or for failure to perform service according to contract; for violating the Postal Laws and Regulations; for disobeying instructions of the Post Office Department; for subletting service without the consent of the Postmaster General, or assigning or transferring the contract; for combining to prevent others from bidding for the performance of postal service, and such annulment shall not impair the right of the Department to claim damages from the contractor and its surety.

It is further stipulated and agreed—

1. That if in the opinion of the Postmaster General the development of aircraft should be such as to render the equipment used on the route obsolete, so that it no longer meets the needs of the Department, the Postmaster General may call upon the contractor to provide suitable equipment and in the event of its failure to do so within such reasonable time as shall be given it, may terminate the contract.

2. That mail apartments in all planes shall be made fire-proof to the satisfaction of the Post Office Department.

3. That the Department may increase or decrease the number of intermediate stops, or the number of trips per week, and change the termini of the route, dispatch mail



on any plane of the contractor flown over the route, and modify or change the schedule as the needs of the service require; and the Department may also extend or curtail the route, with pro rata allowance or reduction of pay.

4. That service on this route may be extended at the option of the Post Office Department from Santiago, Chile, [fol. 2544] by such intermediate points as the Postmaster General may determine, to Buenos Aires, Argentine, and Montevideo, Uruguay, at not exceeding pro rata allowance of additional pay.

5. That the contractor must make its own arrangements for landing fields, lighthouses, radio stations and such other aids to navigation as may be necessary for the proper performance of the service.

6. That this contract covers all mails to and from the United States or its possessions, including parcel post; provided that the contractor shall have the right to make arrangements with intermediate countries for the exchange of local mails between such countries.

7. That during the continuance of this contract, if the postal interests shall require, by mutual agreement between the contractor and the Postmaster General, the contract rate of pay herein may be changed, but shall never exceed the rate here in provided.

8. That the contractor may be permitted to sublet the service to acceptable persons, by permission of the Postmaster General, at not less than the contract rate of pay.

9. That no member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this contract or agreement or to any benefit to arise thereupon.

10. That the contractor shall use flying equipment on the route of United States manufacture, shall use other equipment if practicable of United States manufacture, and shall employ necessary pilots and flying crews of United States citizenship where practicable to do so.

The contractor warrants that it has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Government the right [fol. 2545] to annul the contract, or, in its discretion, to deduct from the contract price or consideration the amount of such commission, percentage, brokerage, or contingent fees. This warranty shall not apply to commissions payable by contractors upon contracts or ~~orders~~ secured or made through bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business.

This contract is also subject to all the provisions of the advertisement (though not all specifically stated herein) and to the provisions of the Postal Laws and Regulations applicable to this service.

IN WITNESS WHEREOF, The parties hereto have executed this contract.

THE UNITED STATES OF AMERICA

By (Signed) HARRY S. NEW  
Postmaster General

Signed March 4, 1929,  
in the presence of

(Signed) L. R. WHITE

PAN AMERICAN-GRACE AIRWAYS, INC.

By (Signed) J. T. TRIPPE, Agent  
Contractor

Signed March 4, 1929.

Witnesses:

(Signed) W. M. P. PALMER  
W. F. COGSWELL

The United States bonds, notes described in the annexed schedule are hereby pledged as security for the performance and fulfillment of the foregoing undertaking in accordance with section 1126 of the Revenue Act of 1926, approved February 20, 1926, and Treasury Department Circular No. 154, dated April 30, 1926.

PAN AMERICAN GRACE AIRWAYS, INC.,

By (Signed) J. T. TRIPPE, Agent  
Contractor.

Approved as to form:

(Signed) HORACE J. DONNELLY  
Solicitor

Approved as to fact:

(Signed) W. Irving Grover (cog)  
Second Assistant  
Postmaster General

[fol. 2546] J. W. F. COGSWELL, certify that I am the Secretary of the corporation named as contractor herein; that J. T. TRIPPE who signed this contract on behalf of the contractor, was then Agent of the said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

(Signed) W. F. COGSWELL  
(Corporate Seal)

#### CERTIFICATE OF OATH OF CONTRACTOR

I, the undersigned, being employed in the care, custody and conveyance of the mail as contractor on the route named in the foregoing contract, do solemnly swear that I will faithfully perform all the duties required of me, and abstain from everything forbidden by the laws in relation to the establishment of post offices and post roads within the

United States; and that I will honestly and truly account for and pay over any money belonging to the said United States which may come into my possession or control; and I also further swear that I will support the Constitution of the United States; So help me God.

(Signed) J. T. Triple, Agent

PAN AMERICAN GRACE AIRWAYS, INC.  
Contractor.

Sworn to and subscribed before me a Notary Public this  
4 day of March, 1929.

(Signed) CHARLES E. WARREN  
Notary Public

My commission expires  
Nov. 4, 1930

(Seal)

Ref. 2547 Schedule of United States bonds deposited as collateral security for performance of service on Route F. A. M. 9, as described in the foregoing contract.

<i>Particulars of bonds</i>	<i>Date</i>	<i>Total face amount</i>	<i>Description</i>
United States of America, 3-3 8% Treasury Bond of 1940-1943	June 15, 1929 and subsequent coupons attached	\$10,000	\$10,000 No. 6476 F

[Vol. 2548]

PAN AMERICAN WORLD AIRWAYS, INC. Exhibit 135

## OFFICE COPY

Handwritten Notation: 3-29-28 2548 Re Award of Contract No. 9

BEFORE THE HONORABLE THE POSTMASTER GENERAL

IN THE MATTER OF THE PROTEST AGAINST  
THE AWARD OF FOREIGN AIR MAIL  
CONTRACT NO. 9MEMORANDUM ON BEHALF OF  
PAN AMERICAN  
AIRWAYS, INC.EDITH ROOF, JR.,  
R. WORTH VAUGHAN,  
MRS. M. S. THOMPSON

of Counsel

[fol. 2549]

March 26, 1929.

THE HONORABLE THE POSTMASTER GENERAL,  
Post Office Department,  
Washington, D. C.

Sir:

This memorandum is submitted in behalf of Pan American Grace Airways, Inc. It relates to the controversy regarding the award of Foreign Air Mail Contract for Route No. 9.

On January 31, 1929, Postmaster General New advertised for bids for the carriage of foreign air mails on Route No. 9, bids to be filed prior to noon on February 28, 1929. The following bids were received:

Name of Bidder	Rate Per Mile for 500 lb. Load	Rate Per lb. for 1,000 lb. Mail
1. Fred D. Arnold, Washington, D. C.	\$1.98	\$1.00
2. Consolidated Aircraft Corporation, Buffalo, N. Y.	1.98	.99
3. Trimotor Safety Airways, Inc., New York, N. Y.	1.95	.975
4. Pan American Grace Airways, Inc., New York, N. Y.	1.80	.90
5. American International Airways, Inc., New York, N. Y.	1.44	.72

On March 2, 1929, an award was made to Pan American Grace Airways, Inc., and on March 4, 1929, a contract for the carriage of air mails on Route No. 9 was formally entered into between the United States and that Company. The Company at once embarked on the acquisition of additional equipment for use on the proposed route and the enlargement of its personnel.

[fol. 2550] On March 6th, 1929, American International Airways, Inc., protested against the award and the execution of this contract.

The grounds of the protest have been expressed in a letter of protest, in a first brief filed at the hearing before the Postmaster General on March 13th, and in a second and more elaborate brief. We will restrict our comment to the grounds of protest finally expressed in this second brief:

# I.

## *First Ground of Protest.*

"... it was the duty of the Postmaster General to award the contract to the lowest bidder financially able to meet the terms of the proposal and who posted the required bond to guarantee such performance" (Protestant's Brief, p. 6).

and

that the Postmaster General abused his discretion because he based his action upon matters outside the scope of the advertisement for bids" (Protestant's Brief, p. 28).

## ANSWER TO FIRST GROUND OF PROTEST.

We deal with this ground of protest first, because it involves a fundamental misconception which keeps appearing over and over again in the protestant's brief. The Act of March 2, 1929, under which the contract was awarded, does not provide that the award shall be made to "the lowest bidder financially able to meet the terms of the proposal and who posts the required bond to guarantee such performance." The Act sets up quite a different standard.

fol. 2551 The protestant seems to feel that if it complied with the requirements of the advertisement it was entitled to receive the award, and that if the Postmaster General abused his action on matters outside the scope of the advertisement "he was doing an illegal act. Of course, that position is absurd. Compliance with the terms of the advertisement entitles a bidder to have his bid considered. It does not give him a right to receive the award. This protestant did have its bid considered. If the Postmaster General had rejected the protesting Company's bid and excluded



it from consideration on the ground of non-compliance with the terms of the "proposal" or advertisement, there might have been something to argue about under this ground of protest. No such thing occurred. The Postmaster General, without regard to any deficiency in compliance with the requirements of the advertisement, chose to consider the protestant's bid, and after considering it, exercised the discretion vested in him by the Act of March 2, 1929.

[NOTE: We shall show later under Point VI of this brief that the protestant did not comply with the requirements of the advertisement in that it did not file the required bond until after the closing of bids and the award of the contract, and that if the award had been made to the protestant we would ourselves have had a valid ground of protest.]

## II.

### *Second Ground of Protest.*

" \* \* \* there was an abuse of discretion in that a sound and reasonable discretion was not exercised by Postmaster General New because his action was not founded on facts \* \* \* " (Protestant's Brief, p. 28).

[fol. 2552]

—4—

### ANSWER TO SECOND GROUND OF PROTEST.

A. *The Postmaster General exercised his discretion properly and wisely.*

The record before the Postmaster General revealed the following facts in regard to the two companies:

PAN AMERICAN-GRACE  
AIRWAYS, INC.

AMERICAN INTERNATIONAL  
AIRWAYS, INC.

#### ORGANIZATION

Formed in January, 1929, by W. R. Grace & Co., owner of the greatest, most successful and most efficiently operated transportation system between the United States

Formed about one week prior to date of opening bids.

and South America; and Aviation Corporation of the Americas, owner of Pan American Airways, Inc., and of Compania Mexicana de Aviacione, S. A.; Pan American Grace Airways, Inc., being itself owner of Peruvian Airways Corporation and Chilean Airways Corporation.

CAPITALIZATION

One million dollars, fully paid.	Subscribed capital of one million dollars, none of which had been paid.
----------------------------------	---

[fol. 2553]

CASH RESOURCES

One million dollars.	None.
----------------------	-------

EQUIPMENT ACTUALLY OWNED

Four Fairchild cabin monoplanes actually on west coast of South America; one Fairchild cabin monoplane and one Loening amphibian in transit south.	None.
--	-------

EQUIPMENT UNDER OPTION

Pan American Airways, Inc. had under option three multi-motor Sikorsky amphibians (since contracted for), for use on this line.	None. Had letter from manufacturer stating manufacturer had "available for prompt delivery, five Fairchild airplanes . . ."
---	---

CONCESSIONS

Through Pan American Airways, Inc., had operating	None. Operating rights in Colombia could be ob-
---	---

rights in Canal Zone, Panama and Ecuador; through Peruvian Airways Corporation had operating rights in Ecuador and Peru. Under diplomatic exchange of notes and by having made \$25,000 deposit, through Pan American Airways, Inc., had operating rights in Colombia. Through Chilean Airways Corporation had assurance of flying rights in Chile.

[For detailed evidence supporting this analysis see Record of Hearing, March 13, 1929, pp. 67-76, Department Exhibits Nos. 7, 8, 8-B, 9, 9-A, 9-B, 10, and 12.]

[fol. 2554]

tained under diplomatic exchange of notes by making deposit of \$25,000 or otherwise complying with governmental regulations.)

—6—

#### LANDING FACILITIES

Pan American Airways, Inc., actually operating in Panama. Through Peruvian Airways Corporation actually operating in Ecuador and Peru. Pan American Airways, Inc., had eight months' exclusive contract for use of facilities of Seadta Company on coast of Colombia and in Ecuador. Through Chilean Airways Corporation had assurance of landing fields in Chile.

[For detailed evidence supporting this analysis see the references cited on page

"Working arrangement" with Seadta Company in Colombia and Ecuador, subject to prior exclusive eight months' contract of Pan American-Grace Airways, Inc., for use of Seadta airports.

5, and, in regard to the contract with Scadta, R., pp. 69-79, Dept. Ex. No. 8-A, reprinted as Exhibit A to this Memorandum, p. 32.]

#### OFFICES

American owned offices of W. R. Grace & Co., and of the Grace Line of steamships, at all points on the route and all other important cities on the west coast.

Use of offices of foreign owned Ultramares Corporation in seven cities.

#### AIR MAIL CONTRACTS WITH SOUTH AMERICAN COUNTRIES

Peruvian Airways Corporation had exclusive international air mail contract with Peru. Harold R. Harris, Vice President and General Manager of Peruvian Airways Corporation, had non-exclusive contract, transferable to Pan American-Grace Airways, Inc., or Ecuadorian Airways Corporation, [fol. 2555]

None.

with Government of Ecuador for transportation of mail, parcel post, passengers and cargo between points in Ecuador and between Ecuador and other countries of South America. See copy of cablegram from American Minister of Quito to Secretary of State dated February 23, 1929, filed with

Post Office Department with letter of Pan American-Graeco Airways, Inc., dated February 28, 1929, reprinted as Exhibit B to this memorandum, p. 33.]

#### EXPERIENCE IN CARRYING AIR MAIL

Pan American Airways, Inc., had operated a highly efficient air mail service:	None.
---	-------

- (1) From Miami to Havana since October 19, 1927.
- (2) From Miami to Nassau since January 7, 1929.
- (3) From Miami to Havana, Camaguey and Santiago, Cuba; Port au Prince, Haiti; Santo Domingo, Dominican Republic; and San Juan, Porto Rico, since January 9, 1929.
- (4) From Miami to Cristobal, Canal Zone, on a limited schedule of two sailings a month since February 4, 1929.

[For proof of performance and outstanding efficiency of Pan American Airways, Inc., reference is made to the Post Office Department's record of completed trips.]

[fol. 2556].

Compania Mexicana de Aviacion, also owned by

Aviation Corporation of the Americas, had carried air mail for over a year for the Mexican Government (and, through sublease from Pan American Airways, Inc., *now* carries the United States air mail on the route Brownsville-Mexico City).

Peruvian Airways Corporation, owned by Pan American-Grace Airways, Inc., had been engaged in the actual carriage of Peruvian air mails from Lima, Peru, through Cuzco, Trujillo and intermediate points in Peru to Talara, Peru, since September 13, 1928; on January 25, 1929, extended the service northward to Guayaquil, Ecuador; and on February 24, 1929, extended the service southward to Mollendo, Peru, so that it was actually operating 62% of the entire distance from Cristobal to Mollendo.

#### EXECUTIVES

Benefit of executives of largest and most successful American transportation company serving west coast of South America, and of Pan American Airways, Inc., with 18 months of experience in transporting air mail to Latin America.

No executives with record of success in transportation of any kind. The president had been engaged in a prior independent venture in Cuba which had resulted in failure. [Statement of Ambassador Judah; compare also page 21 and Exhibit F, containing evidence as to the failure.]

## OPERATING AND TECHNICAL PERSONNEL

Benefit of functioning organization headed by Colonel Charles A. Lindbergh.	No showing of anything more than paper organization.
---	--

The proposed route was the longest foreign air mail route ever let. It was a most important and difficult service. It involved the skirting of dangerous coast lines, long stretches of which are unsettled and without landing places, and ultimately the passage of the Andes. Speed in the establishment of the service was important to prevent the pre-emption of the territory by foreign subsidized companies. The safety of the mails was to be entrusted to the new venture, the lives of pilots and passengers, and, in a peculiar degree, the prestige and repute of our country. If one of us had to commit his life, or his good repute, to one of these two groups of bidders, would he hesitate for an instant between Lindbergh, the Grace Company and Pan American on the one hand, and this other group, barely formed, without a dollar of capital paid in, without an organization, without a plane actually owned, without experience, untested, untried, except for a record of trouble and failure on the part of its chief executive? and if we would not hesitate, can we say that the Postmaster General was wrong when he made his choice?

[fol. 2558] B. *The action of the Postmaster General under the Act of March 2, 1925, in awarding the contract for Foreign Air Mail Route No. 9 to Pan American-Grace Airways, Inc., was conclusive and irrevocable.*

(1) The law vests in the Postmaster General wide discretion to determine facts and make awards of air mail contracts.

The Courts have always accorded to the Postmaster General a wide discretion in regard to the award of contracts.



In *The Mail Delivery Cases*, 251 U. S. 326 (1920), Mr. Justice Holmes said:

"The texts to be discussed begin with an Act of 1873, but it should be observed as furnishing a background for that and the following statutes that from the beginning of the Government the Postmaster General, as the head of a great business enterprise, always has been entrusted, as he must be, with a wide discretion concerning what contracts he should make, with whom and upon what terms."

But in the case now under consideration we do not have to rely on the general rule of law.

The Act of March 2, 1920, provided, in regard to foreign air mail contracts, that:

"the Postmaster General is hereby authorized to award such contracts to the bidders *that he shall find to be the lowest responsible bidders that can satisfactorily perform the service required to the best advantage of the Government.*" (Italics ours.)

The Act also provided:

"That in the award and interpretation of the contracts herein authorized, the decision of the Post-

-11-

master General shall be final and not subject to review by any officer or Tribunal of the United States except by the President and the Federal Courts."

Now we have a clear and specific grant of discretion and final discretion to determine which bidders can satisfactorily perform the service required to the best advantage of the Government, and to make awards accordingly. In exercising that discretion, the Postmaster General is entitled to act as the head of any great business would act, with all the material available to him. He is entitled to give weight to anything which he deems helpful to him, whether it be a bid submitted by the bidders, or matter elicited by inquiry from bidders, or matter procured by his

agents from other sources, and to his own experience of the world and knowledge of business probabilities.

(2) The Postmaster General's determination of the facts in connection with the exercise of discretion in awarding contracts is conclusive.

The Postmaster General exercised the discretion vested in him under the statute, and, by order No. 8260, dated March 2, 1929, formally awarded the contract for Foreign Air Mail Route No. 9 to Pan American Grace Airways, Inc. He supplemented the formal award by a statement of his reasons, dated March 2, 1929. It is implicit in the award, and clear from the express terms of the statement, that the Postmaster General considered the available evidence and determined that Pan American Grace Airways, Inc. was the lowest responsible bidder *that could satisfactorily perform the service required to the best advantage of the Government*. That determination of fact is, not only under the specific provision of the Act of March 2,

-13-

[fol. 2560] 1929, but under the general rule of the common law, conclusive in the absence of bad faith, and no claim of bad faith is made by the protestant. The protestant has formally, in open hearing, rejected the idea of any such claim [R., p. 164].

In *Martin v. Mott*, 12 Wheat. 19, 31 (1827), Mr. Justice Story said:

"Whenever a statute gives a discretionary power to any person, to be exercised by him, upon his own opinion of certain facts, it is a sound rule of construction that the statute constitutes him the sole and exclusive judge of the existence of those facts."

In *Bates & Guild Co. v. Payne*, 194 U. S. 106 (1904), the United States Supreme Court, speaking of an administrative act of the Postmaster General, said:

"The rule upon this subject may be summarized as follows: That where the decision of questions of fact is committed by Congress to the judgment and discre-

tion of the head of a department, *his decision thereon is conclusive*." (Italics ours.)

To the same effect:

*Dinsmore v. Wailes*, 12 How. 389 (1851);  
*Foley v. Harrison*, 16 How. 433, 447-448 (1853);  
*United States v. W'right*, 11 Wall. 648 (1870);  
*French v. Fann*, 93 U. S. 163, 172 (1876);  
*Quincy v. Conlan*, 104 U. S. 420, 425 (1881);  
*Seal v. Smelting Co.*, 106 U. S. 447, 456 (1882);  
*Nishimura Ekin v. United States*, 142 U. S. 651  
 (1892);

—13—

160, 25611 *Hadden v. Myritt*, 115 U. S. 25 (1885);  
*United States v. California Land Co.*, 148 U. S. 31,  
 43-44 (1893);  
*Johnson v. Bryn*, 174 U. S. 93, 99 (1898);  
*National Life Insurance Company v. National Life  
 Insurance Co.*, 209 U. S. 317 (1908);  
*Central Trust Co. v. Central Trust Co.*, 216 U. S.  
 251 (1910);  
*United States v. Wildcat*, 244 U. S. 111 (1917);  
*United States v. Atchison, T. & S. F. Ry. Co.*, 249  
 U. S. 451 (1919);  
*Houston v. St. Louis Packing Co.*, 249 U. S. 459,  
 484-485 (1919);  
*Brougham v. Blanton Manufacturing Co.*, 249 U. S.  
 495, 500-501 (1919);  
*Dakota Central Telephone Co. v. South Dakota*,  
 250 U. S. 163, 184 (1919);  
*Silberschein v. United States*, 256 U. S. 221 (1924);  
*Ma-King Co. v. Blair*, 271 U. S. 479 (1926);  
*Willingsport Wire Rope Co. v. United States*, 271  
 U. S. 551 (1928).

There are, of course, some exceptions to the rule, as in the case of taxation where the determination of value by the taxing officers is reviewable, and as in the case of the Interstate Commerce Commission whose determination of facts has the same weight as the verdict of a jury and

is reviewable, but only in cases where there is no evidence what-  
ever in the record to support it. The general rule, how-  
ever, applies with full force to determinations of fact by  
the heads of executive departments in the letting of con-  
tracts. See, in addition to the decisions of the Supreme

—14—

[fol. 2562] Court of the United States abstracted under the  
next point, the following:

*Thompson v. United States*, 9 Ct. Cls. 185 (1873);

*United States Wood Preserving Co. v. Sandmaker*,

186 Fed. 678 (C. C. A. 6th, 1911);

Opinion of Attorney General Cushing, 6 Ops. Atty.  
Gen. 226 (1853);

Opinion of Acting Attorney General Whitney, 21  
Ops. Atty. Gen. 56 (1894);

*Thoit. v. Byrline*, 34 Cal. App. 226, 167 Pac. 166  
(1917);

*City of Denver v. Dunbars*, 22 Colo. 94, 80 Pac. 114  
(1904);

*People ex rel. Assurian Asphalt Co. v. Kent*, 160  
Ill. 655, 43 N. E. 760 (1896);

*Johnson v. Sangary District of Chicago*, 163 Ill.  
285, 45 N. E. 213 (1896);

*Shabbs v. City of Aurora*, 160 Ill. App. 351 (1911);

*Williams v. City of Topeka*, 85 Kans. 857, 118 Pac.  
864 (1911);

*Kelling v. Edwards*, 116 Minn. 481, 134 N. W. 221  
(1912).

The general rule of law is a sound one. No business could  
be run effectively if its executives had to be subject to a  
judicial review on the soundness of their judgment and the  
correctness of their data whenever they let a contract. Any  
such rule would produce paralysis and inaction. It might  
be satisfactory to litigious bidders but it would be ruinous  
to the virility and effectiveness of the postal service.

—15—

[fol. 2563] 3) Not only is the determination of the Post-  
master General conclusive but it is irrevocable by him or  
by his successors.

In *United States v. Special*, 8 Wall. 77 (1868), one Simonds, acting under authority from the Commissary General, had entered into a contract without advertisement, on the ground that an exigency existed sufficient to justify dispensing with the statutory requirement in regard to advertising. Later the Government refused to perform the contract, alleging that no such exigency had actually existed. The Supreme Court held the contract irrevocable, saying:

"It is too well settled to admit of dispute at this day that where there is a discretion of this kind conferred on an officer or board of officers, and a contract made in which they have exercised that discretion, the validity of the contract cannot be made to depend on the degree of wisdom or skill which may have accompanied its exercise."

In *United States v. Parrell Envelope Co.*, 249 F. S. 313 (1919), Postmaster General Gary had awarded a contract for stamped envelopes and newspaper wrappers. Before the execution of the contract, he was succeeded by Postmaster General Smith who refused to go forward and execute a contract on the ground that investigation threw doubt on the financial standing of the company to which the award had been made. The Court of Claims held that Postmaster General Smith had no right to refuse to go forward with the contract, saying (51 Ct. Cls. 211; 219):

"Such contention by defendants we decide could only be considered prior to the awarding of the contract, and if found to be justifiable would be proper grounds for refusing to award the contract; but if an

—16—

[Vol. 2564] error was made in letting the contract, neither Postmaster General Gary, who made it, nor his successor, Postmaster General Smith, who rescinded it, possessed the power under the law to arbitrarily annul it."

The decision of the Court of Claims was sustained by the United States Supreme Court, which said:

"Postmaster General Gary went out of office, and his successor, either by indacement or upon his own resolution, revoked the contract and entered into a contract with other companies.

"The record furnishes no justification of such action. There is no charge of default against the Envelope Company, no charge of inability to perform its contract, except in a particular which we shall hereafter mention. There is, it is true, a finding that Postmaster General Smith caused an investigation to be made of the financial standing of the Envelope Company and that the report thereunder was unfavorable to it. This is made a great deal of, and the fact that the contract was not signed nor the bond of the Envelope Company approved.

"It makes no difference that the contract was not formally signed or the bond formally approved, as counsel for the Government contends they should have been, both by the terms of the contract and by a statute of the United States (28 Stat. 279). Their formal execution, as we have seen, was not essential to the consummation of the contract. That was accomplished, as was decided in the *Garfield Case*, by the acceptance of the bid of the Envelope Company and the entry of the order awarding the contract to it. \* \* \* And we pass to the question of damages."

—17—

[fol. 2565]

### III.

#### *Third Ground of Protest.*

"The contract should be rescinded because its execution was induced by misrepresentations on the part of Pan American-Glaze Airways, Inc., with respect to material facts" (Protestant's Brief, p. 21).

#### ANSWER TO THIRD GROUND OF PROTEST.

This ground is based on a lengthy and disingenuous web of partial quotation and misinterpretation contained in the protestant's brief. If it is to be dealt with at all it has to

be dealt with in detail by correcting all the omissions and disentangling all the misinterpretations. We are loath to break the orderly movement of the real arguments in the brief by such material. Therefore, we deal with this point out of text in the following prolonged footnote:

[NOTE: All the claims of misleading the Postmaster General by misrepresentation relate to the letter of February 28, 1929, filed by Pan American-Grace Airways, Inc. in support of its bid.

The first alleged misrepresentation is as follows:

"We have arranged for service between Cristobal, Canal Zone, and Guayaquil, Ecuador, through subcontract to Pan American Airways, Inc." (Protestant's Brief, p. 8).

The statement is true. Such arrangements had been made [R., p. 58]. No one has shown or offered any evidence to show that they had not been made. If you will read the text of the protestant's brief under this charge you will see that in order to produce their effect, they first change the word "arranged" to "equipped" and then to show that equipment was not available, leave out of account the equipment on the west coast in the hands of Peruvian Airways, the equipment already owned and in transit south, and the splendid fleet of Sikorskys actually contracted for soon after the award of the contract. As a matter of fact, at the date of this writing Pan American has just made its initial reconnaissance flight over this link.

[fol. 2566] The second alleged misrepresentation is as follows:

"In Panama, Pan American Airways, Inc., holds adequate operating rights. The Company already operates into David and Panama City, important points in the Republic. A long term exclusive mail contract is now pending and about to be executed" (Protestant's Brief, p. 8).

The statement is true. The fact that the permit had been recently acquired did not impair its adequacy, nor did the fact that the permit was temporary. All flying rights are subject to governmental termination, and a temporary permit is the normal initial step toward the working out of a standing arrangement. The statement regarding the pendency of the long term mail contract is true. The protestant quotes it, apparently as a misrepresentation, but does not attack it in the text.

The third alleged misrepresentation is as follows:

"Also on the same page of said letter is the statement that efforts were directed by the Company to secure adequate operating rights and legal standing and where possible international mail contracts in all the South American countries



involved and that in carrying out this plan we believe we have been entirely successful. Notwithstanding said statement we allege that said Company showed evidence of an international mail contract only in Peru and there is no evidence of an international mail contract held by the Pan American-Grace Airways, Inc., or any of its subsidiaries in any other country. No evidence of any operating rights in Ecuador was submitted nor was evidence submitted of operating rights in Chile" (Protestant's Brief, p. 9).

The protestant is trying to give the impression that we asserted that we had international mail contracts in countries other than Peru. If you will look at the text of our letter you will see that there is no representation that we had international mail contracts in any country outside of Peru. The allegation which the protestant refers to is followed by two pages of detailed explanation showing exactly what is meant by the general claim that we had been successful in our efforts, and showing with the utmost clearness that we did not claim to have a mail contract outside of Peru. As a matter of fact, Harold R. Harris, Vice-President and General Manager of Peruvian Airways Corporation, did have a non-exclusive contract with the Government of Ecuador for the transportation of mail, parcel post, passengers and cargo between points in Ecuador and between Ecuador and other countries of South America, transferable to Pan American-Grace Airways, Inc. or Ecuadorian Airways Corporation. [See copy of cablegram from American Minister at Quito to Secretary of State dated February 23, 1929, filed with Post Office Department, a copy of which is annexed hereto as Exhibit B, p. 33]. As to the possession of operating rights in Ecuador, Peruvian Airways Corporation, a wholly owned subsidiary of Pan American-Grace Airways, Inc., *was actually operating in Ecuador at the time of the award and the record showed this fact.* As to the claim of having been entirely successful in the attempt to procure operating rights and legal standing in Chile, it should be noted that our letter [R., p. 66] told exactly what was meant by this claim. The claim of success was fairly supported by a cablegram from the American Ambassador, stating that he had been advised by the Chilean Government that permission to use the Chilean airports would be formally granted to Chilean Airways Corporation in that week.

-19-

[fol. 2567] The fourth alleged misrepresentation is as follows:

"that Scadta is German controlled" (Protestant's Brief, p. 9).

The protestant claims [R., p. 128] that two-thirds of the stock of the Scadta Company is owned by Dr. P. P. Von Bauer and that Dr. Von Bauer is not a German but an Austrian. We have had long negotiations with the Scadta Company. Mr. Trippe, of the Pan American, has had occasion to go to Berlin for negotia-

tions with the Seadta Company. Business of that Company is conducted at Schöneberger Ufer 35, Berlin W. 35. Dr. Von Bauer, when in Europe, resides in Germany, not Austria. His clerks and office force are German speaking and appear to be Germans. We know that the pilots of the Company in Colombia are mostly German speaking and that the Company's equipment is of German manufacture. The name Seadta is a popular abbreviation of "Sociedad Colombo Alemana De Transportes Aereos", the word "Alemana" being Spanish for "German". We have not consulted Dr. Von Bauer's birth certificate. If he is in fact a German-Austrian instead of a German, then the statement in our letter is to that extent accurate. We think you will agree that the degree of inaccuracy is not one of importance. We assure you that it was unintentional.

The *fifth* alleged misrepresentation is as follows:

"that Pan-American Airways had an agreement with Seadta under which they enjoyed the exclusive use of Seadta's technical facilities on the coast of Colombia" (Protestant's Brief, p. 10).

That statement is true. Pan American Airways, Inc., held a written contract with the Seadta Company for eight months' exclusive use of its airports [the exact phrase is "exclusive landing privileges at our airports"] at Buenaventura and Tumaco, in Colombia, and also at Esmeraldas, Caraquez and Guayaquil, in Ecuador. The contract was subject to the acquisition by Seadta and Pan American Airways, Inc., reciprocally of operating rights in the Canal Zone and in Colombia, but those rights had been required and the condition fulfilled by the diplomatic agreement in regard to the exchange of landing rights between the United States and Colombia, and Pan American Airways, Inc., had been notified of the taking effect of the exchange by the Department of State. [A photostatic copy of the original of the Pan American-Seadta contract is on file with the Post Office Department; a copy is annexed to this brief as Exhibit A, p. 32.]

Is there a claim that the Postmaster General was misled because the grant of "exclusive landing privileges at our airports" was paraphrased in our letter "exclusive use of Seadta technical facilities"? Certainly not, for the next sentence in our letter shows that the phrase refers to Seadta's physical facilities, in other words, precisely to the "airports".

The *sixth* alleged misrepresentation is as follows:

"We have since demonstrated that the agreement with Seadta by Pan American Airways was for landing privileges only for a trial flight" (Protestant's Brief, p. 12).

That is an absolute, reckless falsehood. Reference to the contract shows that the exclusive grant for the use of airports was for the period of eight months.

[fol. 2568] The *seventh* alleged misrepresentation is as follows:

"The same paragraph of their letter states that regular transport and airmail service is now maintained between Guayaquil, Ecuador, and Mollendo, Peru, a distance of 1,490 miles and over 62% of the entire distance between Cristobal and Mollendo. Careful inquiry has disclosed that service for the entire route between Guayaquil and Mollendo was not inaugurated until February 25th (three days before the opening of bids) and cabled information received March 18, 1929, from Lima, Peru, showed service was being conducted on a schedule of one trip each way weekly" (Protestant's Brief, pp. 12-13).

The protestant seeks to create the impression that service on the entire route between Guayaquil and Mollendo was not inaugurated until February 25, 1929. The facts are that the route from Lima to Talara, Peru, had been operated since September 13, 1928, and that the route from Talara to Guayaquil had been operated since January 25, 1929. It was only on the portion of the route between Lima and Mollendo that service was not begun until "three days before the opening of bids." The contention that the service was not "regular" because a part of it had been instituted only a short time before the writing of the letter, is unsound.

The *eighth* alleged misrepresentation is as follows:

"The third paragraph of the summary states that Pan American-Grace Airways, Inc. and subsidiary operating companies is now operating at a heavy loss. We deny that Pan American-Grace Airways, Inc. is operating at all." (Protestant's Brief, p. 13.)

Pan American-Grace Airways, Inc., was, through its subsidiary company, Peruvian Airways Corporation, operating and operating at a heavy loss. The statement objected to is exactly true. We should be glad to submit the operating figures in detail if the Department desires them, but as the protestant's claim is entirely unsupported by any evidence we hardly think it is worth while to burden the record with detailed operating statements.

The *last* alleged misrepresentation occurs on page 14 of protestant's brief. It is as follows:

"The statement is again made in said paragraph 3 of the summary that the Pan American-Grace Airways, Inc. is in actual operation, which we deny as totally untrue and not justified by the facts. The only operation being conducted is over the route followed by the Peruvian Airways Corporation on the scheduled stated above."

The first sentence challenges the truth and the second sentence admits the truth of the statement. Our letter dated February 28,

1929, sets forth on its first page that Peruvian Airways is a wholly owned subsidiary of Pan American-Grace Airways, Inc.

It is so clear that no misstatements were made that we refrain here from going into any further consideration of the numerous questions which would become important if there had been a misstatement, as, for instance, whether the misstatement was intentional, whether the Post Office Department was misled by the misstatement or was able to correct it from other or later material, whether the matter involved in the misstatement was controlling

-21-

(fol. 2569) in determining the action of the Postmaster General, and whether the procedure now being followed by the protesting Company is a proper and normal procedure for the rescission of contracts.)

Before leaving the matter of misrepresentations, we wish to call attention to the fact that the protesting Company has itself been guilty of an attempt to mislead the Postmaster General.

At the hearing of March 8th, the protesting Company filed an affidavit by its president, Mr. Montgomery, a copy of which affidavit is annexed hereto as Exhibit C, page 33. The affidavit contains four erroneous statements:

(1) That Mr. Montgomery resigned from the Pan American Company because he considered its management unsatisfactory; the fact being that he was asked to resign because he had become *persona non grata* to the Cuban government and therefore useless to the Company as representative in Cuba. Affidavit of J. T. Tripple filed herewith as Exhibit D, page 35, original submitted herewith.)

(2) That Mr. Montgomery negotiated the contract with the Cuban government for carrying air mail from Havana to Key West; the fact being that the contract was negotiated by Dr. Julio de la Torre with General C. M. de Rojas, Secretary of War and Marine. (Translation of letter from General de Rojas, Exhibit E, page 36; photostat of the Spanish original submitted herewith.)

(3) That the reason why Aviation Corporation of Cuba did not begin operations was that the Cuban government decided that the interests of aviation in Cuba at that time would best be served by limiting it to planes engaged only in transport of government mail and government service; the fact being that the Cuban government never undertook to limit in any way the kinds of service which might be offered by private aviation companies. (Letter of General de Rojas above cited.)

(4) That Mr. Montgomery's company, Aviation Corporation of Cuba, resulted in neither gain nor loss to the stockholders. It is admitted that it did not result in gain to the stockholders, but we have had brought to our attention a case where it clearly did result in loss. Compare Exhibit F, page 37, containing letter from Mr. George T. Walker regarding his experience as a stockholder, letter

from Mr. Montgomery to Mr. Walker's representative requesting payment of subscription and representing company as ready to begin operations; check in payment of Mr. Walker's subscription; note from Mr. Rodgers, Mr. Walker's representative, to Mr. Walker, saying that he was instructed to pay subscription only when Montgomery stated that he was ready to commence operations; unanswered letters of inquiry from Mr. Walker to Mr. Montgomery.) It is also a fact that the company has not paid its debts (Affidavit of P. H. Caine, Exhibit H, page 44, original submitted herewith).

[fol. 2570]

-22-

## IV.

*Fourth Ground of Protest.*

"Contract is void because not advertised in accordance with law" (Protestant's Brief, p. 23).

## ANSWER TO FOURTH GROUND OF PROTEST.

A. The protestant relies on Revised Statutes, §3941 which, as amended, provides:

"The Postmaster General shall cause advertisements of all general mail lettings of each State and Territory to be conspicuously posted in each post office named in said advertisements for at least sixty days before the time of such general lettings, and no other advertisement of such lettings shall be required; *but this provision shall not apply to any other than general mail lettings.*" (Italics ours.)

The requirement of sixty days advertisement applies only to "general mail lettings of each State and Territory." *Air mail contracts are not "general mail lettings."* *Foreign mail contracts are not "general mail lettings of each State and Territory."* The provisions in regard to foreign mail contracts have always been kept entirely distinct and separate from §3941 of the Revised Statutes. *A fortiori foreign air mail contracts are not "general mail lettings."* If §3941 of the Revised Statutes applied to such contracts, every one of the foreign air mail contracts now in effect would be void.

A contract for the transportation of mail from the *Canal Zone* to foreign countries cannot under any construction

—23—

[fol. 2571] of language be a "general mail letting *of a State or Territory*." The Act of August 24, 1912, c. 390, § 12, 37 Stat. 569, provides:

"All laws relating to the rendition of fugitives from justice as between the several States and Territories of the United States, shall extend to and be considered in force in the Canal Zone, *and for such purposes and and such purposes only the Canal Zone shall be considered and treated as an organized Territory of the United States.*" (Italics ours.)

B. Although the protestant claims that the advertisement was invalid for the purpose of awarding a contract to us, it does not claim that the advertisement was invalid for the purpose of awarding a contract to it. It does not ask that all bids be thrown out and that there be a re-advertisement. On the contrary, it terminates its first brief with a specific prayer that "the award and contract based thereon should be set aside and a contract should be executed with American International Airways, Inc." (First brief of protestant, p. 10.) Moreover, it is to be noted that, in spite of the protesting Company's complaints, it did put in a bid within the time limit, and it asserted on the formal oath of its president, John K. Montgomery, that it was able to begin the service within the time set for performance. [Affidavit dated February 28, 1929, filed with bid, R. p. 13.] The bid submitted was defective in respect of the bond and power of attorney, but no one will seriously contend that a month was not an adequate period for a reasonably intelligent bidder to comply with the requirements in that respect.

C. There was in South America a situation calling for prompt action. The great European powers have foresight

—24—

[fol. 2572] enough to recognize the value to them of having in the hands of their nationals, as far as possible, the flying routes in other countries. Their evidence belief in



the importance of that matter by the granting of substantial subsidies. The French subsidized company, Aeropostale, is already in operation in Brazil, Uruguay and the Argentine, has lines in organization in Chile and Paraguay, and contemplates extensions to the Guianas and the Peruvian border. [Prospectus and map of Compagnie Generale Aeropostale submitted herewith.] There are, in addition, we believe, plans for extension by Scadta, and there is always the possibility of attempts at local monopoly such as the attempt of Rafael Dillon in Ecuador recently noted in the press.

Mail service is generally contracted for with a single company in any given territory and mail contracts cover, as a rule, very substantial periods of time, so that the country whose nationals arrive first in a given territory are very apt to exclude permanently the participation of other enterprises. Our own Government recognized, therefore, the importance of pressing forward with its air mail developments in South America while there was still an opportunity for its nationals to participate in the return carriage of air mails and in general transportation. Every one active in aviation knew in advance of the advertisement that the mail service was to be extended to South America. The President and the President-elect had called attention to this in public speeches, and the Postmaster General had announced his plan in an official report. [See Exhibit-II annexed, p. 45.] Any one interested in the proposed extension might have known that he should not leave the beginning of his preparation until the day of making his bid.

—25—

[fol. 2573] The extension of United States air mail service south of the Canal Zone was for a long time held up by the inability of the United States to procure for its nationals rights of landing and transit in Colombia. That obstacle was removed by the recent exchange of diplomatic notes between the two countries in question. As soon as it became clear that this obstacle would be removed, it was incumbent upon the Post Office to act, and it did act, with celerity.

Post Office contracts for the carriage of mail by water under the Merchant Marine Act are awarded on a period



of advertisement of three weeks with the express sanction of Congress. Act of May 22, 1928, c. 675, 406, 414, S. Code, Title 46, §891 j. Contracts for the carriage of domestic air mails have often been awarded on a period of advertisement of thirty one days, or less. Of the six previous foreign air mail contracts now in force, only one was advertised for a period in excess of 32 days and the average period of advertisement for the others was 26.6 days. (See Exhibit I annexed, pages 47-51, showing periods of advertisement of contracts under the Merchant Marine Act and for domestic and foreign air mail.) To assert that under the circumstances of urgency outlined above, it was not within the wide discretion of the Postmaster General to award this foreign air mail contract on a like period of advertisement is absurd.

#### V.

##### *Fifth Ground of Protest.*

"The contract is void because unauthorized by law at the time of advertisement and the opening of bids" (Protestant's Brief, p. 24.)

—26—

#### [fol. 2574] ANSWER TO FIFTH GROUND OF PROTEST.

The protestant relies on cases decided under §3732 of the Revised Statutes, which prohibits contracts or purchases on behalf of the United States, unless the same are authorized by law or are under an appropriation adequate to their fulfillment. Obviously these cases are irrelevant. Ample statutory authority for the present contract had been furnished before the award was made. There is nothing in §3732, or in the cases cited by the protestant, which indicates in any way that the bidding as well as the award must be deferred until after the enabling statute has been passed.

Of course, as a matter of reason, the Postmaster General should be permitted to advertise in anticipation of a statute about to be enacted. Where there is a ground for haste and new legislation is needed, there is no consideration of good sense against allowing an advertisement to be made, bids to be received, and all preliminary matters to be cleared

out of the way so that there can be prompt action the minute the statute is passed. It is the universal custom of well-run business corporations, where a situation is urgent and action by stockholders is necessary, to go through all the preliminaries of negotiation, advertisement and contract prior and subject to stockholder consent so that the vote at the stockholders' meeting is the end and not the beginning of the process.

There is not much by way of authority on this matter, but what little there is clearly indicates that the advertisement can precede the passage of the act.

—27—

[fol. 2575] In 2 Dec. Compt. Gen. 739 (1923), the City Commissioners of Pawhuska, Oklahoma, had received bids for paving certain streets adjoining Indian lands. With the advertisement, notice was given that the city had authority to contract for paving only half the streets but that bids would be received for paving the whole of the streets. Representatives of the United States were present at the awarding of the contract. Later Congress made an appropriation for paving the half of the streets adjoining the Indian lands. The question was whether the Government could join in the contracts already made, or whether there would have to be readvertisement as to the parts of the streets to be paved by the United States. The Comptroller General held that if the advertisements satisfied the requirements of Rev. Stat. §3709, there need be no readvertisement.

In *Swenson v. Village of Bird Island*, 93 Minn. 336, 101 N. W. 495 (1904), defendant village entered into a contract with plaintiff for the construction of a public well. The contract was let after public bidding in accordance with the statute. It appeared, however, that the village was without authority to make the contract except after a special election and that only nine days' public notice of the election instead of ten, as required by the statute, had been given. After the completion of the well a suit was brought to restrain payment on the ground that the election was void. This suit was successful. Thereupon another election was duly called but the contract was not readvertised. The

Court held that the second election ratified the contract and that plaintiff was entitled to payment.

[fol. 2576]

VI.

*American International Airways, Inc., did not comply with the requirements of the advertisement.*

The advertisement on page 1 recited "Bond required with bid, \$25,000." On page 3 the advertisement recited that "In lieu of surety bonds bidders may deposit U. S. Bonds amounting to \$25,000, in accordance with Department requirements". (Italics ours.) In addition to this, the first paragraph on page 3 of the advertisement specially called the attention of bidders to the manner in which the exact terms of the requirements could be procured.

American International Airways, Inc., filed no bond with its bid. It did file with its bid \$25,000 in United States Liberty Bonds, but did not file them "in accordance with Department requirements." It filed the bonds without any document of any sort indicating the terms on which they were to be held by the Department, or giving the Department power to deal with them under any of the contingencies which might arise, although the regular practice and the "Department requirements" demanded that the Liberty Bonds should be accompanied by a Power of Attorney and Penal Bond in the form prescribed by Treasury Department Circular No. 154 of 1926, pages 9 and 10, copies of which Circular were regularly furnished to bidders making inquiry in regard to the Department requirements referred to in the first and third paragraphs on page 3 of the advertisement. Any one with a grain of business sense would have realized that the mere handing of Liberty Bonds to a Departmental officer with no specification of the rights of the

[fol. 2577] Department in regard to them was a futile and incomplete performance.

Noting this deficiency in the bid of the protesting company, the officers of the Post Office Department, instead of rejecting the bid entirely from consideration as they had a right to do, voluntarily went out of their way to call to the

attention of the protesting Company the defect in its bid. Nevertheless, the defect was not cured prior to the making of the award, nor even prior to the execution of the contract with the successful bidder. The bond required was finally furnished by the protesting Company on the 5th day of March. The protesting Company undertakes to excuse its failure by asserting an oral statement by one of the officers of the Department to the effect that it should get its bond in by March 4th (the day of the execution of the contract). The protestant did not even comply with the terms of this alleged dispensation. It filed the bond, not on March 4th, but on March 5th, after the contract had been executed, and attempts to excuse its failure by asserting that March 4th was a local holiday in the District of Columbia, and therefore presumably a day on which official actions were impossible, an absurd proposition in view of the fact that Congress was in session and the whole inaugural and departmental machinery in operation.

Not only was the Postmaster General entitled to reject the bid of the protestant on this ground, but he was under an obligation to reject it.

The advertisement provided on page 4 as follows:

"A proposal altered, or incomplete, in any of its essential terms cannot be considered in competition with bids submitted in proper form."

—30—

[fol. 2578] It is apparently the law that such a provision should be strictly enforced.

In 1871 the Attorney General rendered an opinion to the Secretary of War in which he said:

"The authority to invite proposals implies an authority to prescribe reasonable terms and conditions. To announce under this authority, that no bid will be considered which does not comply with certain directions, and afterward to consider and accept a bid not complying with such directions, is unjust to the complying bidders" (13 Ops. Atty. Gen. 510).

In 1926 the Comptroller General had under consideration the question of the validity of certain payments made by

an officer in the Finance Department of the army covering purchases made from the Bogart Paper Company in Brooklyn. It appeared that the instructions to bidders had required that duplicate samples properly labeled, must be submitted on all items bid on, and that such samples must be forwarded to the Purchasing Office in time for receipt prior to the hour of opening the bids. Another company submitted a bid which was fifty per cent. lower than that of the Bogart Paper Company, but failed to submit samples as required. The Comptroller General held that the bid of that company could, therefore, not have been considered, and that the Bogart Paper Company was the lowest bidder which had complied with the terms of the advertisement (5 Dec. Compt. Gen. 659).

—31—

[fol. 2579]

*Conclusion.*

As the Supreme Court said in *The Mail Divisor Cases*, above quoted, "the Postmaster General, as the head of a great business enterprise, has always been entrusted, as he must be, with a wide discretion concerning what contracts he should make, with whom and on what terms." That power and discretion has just been confirmed to the Postmaster General by statute in the most sweeping and emphatic terms.

The Postmaster General, with all the facts before him, has exercised his discretion wisely and well and as any sensible man would have exercised it under the circumstances. His action is conclusive. It has resulted in the execution of a contract, the beginning of performance, and the creation of vested rights which neither can be nor should be divested.

Respectfully submitted,

PAN AMERICAN-GRACE AIRWAYS, INC.

EDITH ROOT, JR.,  
R. WORTH VAUGHAN,  
HENRY J. FRIENDLY,  
Of Counsel.

[fol. 2580]

*Exhibit A.*

New York City, N. Y.,  
January 28th, 1929.

Pan American Airways, Inc.,  
122 East 42nd Street,  
New York City.

Dear Sirs:

Subject to your Company acquiring the necessary operating rights in Colombia, and our Company acquiring such privileges, on a reciprocal basis, in the Canal Zone, we hereby agree, in consideration of the sum of One Dollar (\$1.00), receipt of which is hereby acknowledged, during the next eight months, to give you exclusive landing privileges at our Airports at:

Buenaventura and  
Tumaco, Colombia.  
Esmeralda and  
Caraquez,  
Guayaquil, Ecuador.

Compensation for the use of such facilities will be the usual fee commensurate for services rendered under similar conditions elsewhere.

We would request you, during this period, not to appoint our Agents to represent you in this territory.

In addition, of course, in the event of emergency, we will extend to you the courtesy of all our facilities, which we understand you in turn will extend to us.

Yours very truly,

SCADTA.

Dr. P. P. VON BAUER.

PPV/s



[fol. 2581]

—33—

*Exhibit B.*

QUITO

Dated February 23, 1929.

Recd. 3.15 P.M.

SECRETARY OF STATE

WASHINGTON

1. February 23, 1 a.m.

HARRIS, VICE PRESIDENT OF PERUVIAN AIRWAYS, SECURED PERSONAL BUT TRANSFERABLE CONTRACT FOR PAN-AMERICAN AIRWAYS SERVICE. COPY OF CONTRACT BY MAIL.

BADING

*Exhibit C.*

DISTRICT OF COLUMBIA, SS.:

John K. Montgomery, being first duly sworn, on oath deposes and says:

That he is President of American International Airways, Inc., a corporation organized under the laws of the State of Delaware, which Company is the low bidder for the air mail contract between Cristobal, Canal Zone, and Santiago, Chile.

With reference to statement dated March 2, 1929, Postmaster General, deponent says that the only aeronautical enterprises in Cuba with which he has been connected are the following:

(a) Pan American Airways, Inc., of which he was one of the organizers and the Vice President, from which company he resigned in February, 1928, because of disagreement with the President of the Company

—34—

[fol. 2582] over questions of policy and what deponent considered unsatisfactory management. During his connection with said company, he negotiated the contract with the Cuban Government for carrying of air mail from Havana to Key West, and subsequently negotiated contract with the United States Govern



ment for carrying air mail from Key West to Havana which service he inaugurated.

(b) The Aviation Corporation of Cuba which was organized primarily for aerial mapping. Before said corporation began operations, the Cuban government decided that the interests of aviation in Cuba at the time would best be served by limiting it to planes engaged only in transport of Government mail and Government service. For this reason the Company has never functioned and, therefore, resulted in neither gain nor loss to the stockholders.

(Signed) JOHN K. MONTGOMERY.

Subscribed and sworn to before me this 13th day of March, A. D. 1929.

SUZANNE L. GLYNN.

[SEAL.]

[fol. 2583]

—35—

*Exhibit D.*

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

J. T. TRIPPE, being duly sworn, deposes and says:

I am the President of Pan American Airways, Inc.

Mr. John K. Montgomery resigned as Vice President and director of Pan American Airways, Inc., in October, 1927, just before flying operations were inaugurated. He was retained by the company as its representative in Cuba in charge of public relations. He was finally asked to resign from the service of the company because he had become *persona non grata* to the Cuban government and was therefore, in my estimation, useless to the company as its representative in Cuba.

J. T. TRIPPE.

Sworn to before me this 25th }  
day of March, 1929. }

HIRAM S. GANS

Notary Public, New York County

*Exhibit E.*

REPUBLIC OF CUBA  
Secretary of War and Marine  
Box 883  
Private.

Havana, March 19, 1929.

Dr. Julio de la Torre,  
Counsel for Pan American Airways, Inc.,  
City.

Dear Friend:

In connection with the sworn declaration signed by Mr. John K. Montgomery, subscribed and sworn to March 13, 1929, before Suzanne L. Glynn, Notary Public of the District of Columbia, referring to his activities in Cuba, first as Vice-President of the Pan American Airways, Inc., and then as President of "The Aviation Corporation of Cuba", I wish to state the following:

That as appears from the Pan American Airways, Inc. files; which we have in the department under my charge, all the negotiations for obtaining from the Cuban Government the authorization for putting into effect the service of transportation of passengers and mail, were conducted directly by you, the activities of Mr. Montgomery being limited to signing the contract in his character of Vice-President of the Company, and that the Government of Cuba, having in mind the significance of commercial aviation in relation to the progress and development of these ways of communication, has had and now has the aim of encouraging the same without limiting in any way the kinds of services which may be offered.

—37—

[fol. 2585] Also, it is a pleasure for me to state to you that the department under my charge is satisfied as to the character and efficiency of the service which is regularly being furnished by Pan American Airways, Inc.

Very truly yours,

C. M. DE ROJAS.

*Exhibit F.*

(1).

MATANZAS SUGAR COMPANY, S. A.  
Central Espana

Cable Address:  
"Matsuco"

Asunto Central Espana  
Matanzas Prov.  
Cuba

March 15, 1929.

Mr. Richard F. Hoyt,  
Chairman of the Board,  
Aviation Corporation of the Americas,  
25 Broad Street, New York City.

Dear Mr. Hoyt:

You have asked me with regard to my business relations with Captain John K. Montgomery; here are the facts:

Captain Montgomery in the early part of 1928 asked me to join him in an enterprise for the formation of a small Aviation Company here in Cuba to do aerial mapping and photography. Being particularly interested in making it possible to have aerial mapping done on various sugar

—38—

[fol. 2586] plantations, I agreed to take stock in his company, and, in order to get the thing going, asked others to come in also, some of whom did.

Montgomery organized the Aviation Corporation of Cuba, but up to the time I went North last year, had not been able to obtain permission to use the landing field at Camp Columbia, and I specifically stated I would not subscribe to any stock until he had obtained a bona-fide agreement with the Cuban Government which would permit him to use the landing field, or had obtained a suitable landing field elsewhere.

I left instructions with our Mr. Rodgers to pay Montgomery \$1,000.00 for my stock subscription when Mont-

gomery advised him that such arrangements had been made, and accordingly on July 28th, 1928, Rodgers sent the Aviation Corporation of Cuba a check of the Matanzas Sugar Company in payment of my stock subscription.

I enclose for your information Montgomery's letter of July 19th to Mr. Rodgers, check for \$1,000.00 sent to the Aviation Corporation of Cuba, as well as my letter of September 13th, and my letter of January 3rd, 1929, to Montgomery in care of Sherman Fairchild, where I had been told he could be reached in New York City. I also enclose memorandum from my Mr. Rodgers to me, dated March 14th, 1929, regarding this same subject.

When I met Montgomery in the United States last summer he told me he had obtained some \$20,000.00 of stock subscriptions, and I was very much surprised to find on my return to Cuba in September, that nothing had been done so far in the way of getting the company going, nor had it been possible to obtain permission to use the Camp Columbia landing field, nor had he obtained the use of any other field.

—39—

[fol. 2587] Having this in mind, I wrote him on September 13th, as per copy enclosed, and finally again on January 3rd, the last mentioned letter having been written subsequent to my visit to the Chase National Bank in Havana requesting information as to the amount of money on deposit in the name of the Aviation Corporation, and having been told that this amount was in the neighborhood of \$3,000.00 only. To neither of these letters have I received any reply.

I believe that I was named some sort of an officer or Director of the Aviation Corporation when formed, but I have never received any notice of any meeting, nor have I received any financial statement from the Company, nor have I received a certificate of the stock for which I subscribed.

Very truly yours,

GEO. T. WALKER.

(2).

CORPORACIÓN DE AVIACIÓN DE CUBA  
(Aviation Corporation of Cuba)  
Havana, Cuba  
Sevilla Biltmore Arcade

July 19, 1928.

Mr. James Rogers, Supt.,  
Central Espana,  
Matanzas Province.

Dear Mr. Rogers:

Pursuant to the understanding with Mr. George T. Walker that I was to request the payment of his stock subscription of \$1,000.00 to the Corporación de Aviación de Cuba, we are now ready to commence operations and

—40—

[fol. 2588] so would appreciate your sending check made out to the Corporación de Aviación de Cuba at your earliest convenience.

Very truly yours,

John K. Montgomery

JKM/OK

(3).

MATANZAS SUGAR COMPANY, S. A.

Central Espana

No. 5368

\$1,000.00

Central Espana, 20 de Julio de 1928

Pague a la orden de CORPORACION DE AVIACION DE CUBA

UN MIL

XX/100 pesos

Oro oficial o moneda Americana en pago de la  
cuenta detallada al dorso

A

MATANZAS SUGAR COMPANY S. A.

THE NATIONAL CITY BANK OF NEW YORK,

Cardenas, Cuba

JAMES RODGERS, JR.

For Central Espana.

T. B. SMITH

Visto Bueno

Space for endorsements  
 Espacio para endorso  
 Corporacion de Aviacion  
 John K. Montgomery  
 President

—41—

[fol. 2589]

(Back of Check)

MATANZAS SUGAR COMPANY, S. A.  
 Central Espana  
 Matanzas Prov., Cuba,

Comprobante a favor de Corporacion de Aviacion  
 de Cuba

Sevilla Biltmore Arcade, Habana, Cuba

Fecha

Importe

1928

Julio 20 In payment of Mr. George T. Walker's  
 stock subscription to the Corporacion  
 de Aviacion de Cuba as per your letter  
 of July 19th to Mr. James Rodgers 1,000.00

(4).

Memorandum to Mr. Walker

March 14, 1929

I have little to add about the thousand dollars paid for your account to Montgomery.

You will recall that you instructed me verbally that this payment was to be made when Montgomery stated that he was ready to commence operations.

He spoke to me in July in Havana, saying that he was all set and I requested that he write a letter asking for the payment. He also said that he had just seen you in the North. Immediately upon receipt of his letter of July 19th, I forwarded the check for \$1,000.00.

I saw both Montgomery and Mr. O'Keefe before you returned in August, and stated that we had not yet received the stock certificate but was assured by both that it would be forwarded immediately.

—42—

[fol. 2590] You will also recall that the day you arrived in Havana, I told you that this certificate had not been received, and that, that same afternoon you had a long talk with Montgomery as to the difficulties which he was having.

JAS. R.

(5).

September 13, 1928

Corporación de Aviación de Cuba,  
Sevilla Biltmore Arcade,  
Habana.

Attention Mr. Montgomery

Dear Sir:

I notice that on July 20th, Mr. Rodgers sent you check for \$1,000.00 for my account as my stock subscription for the Aviation Company.

I cannot find any acknowledgment of receipt of this subscription nor have I been able to locate the stock certificate. Will you please look into this and see that I get something for my money.

Very truly yours,

G. T. Walker



[fol. 2591] (6).

January 3, 1929.

Captain John Montgomery,  
c/o Sherman Fairchild,  
Fairchild Aviation Company,  
270 West 38th Street,  
New York City.

Dear Montgomery:

In July, while I was away, Rodgers sent you a check for one thousand dollars as my subscription in the Cuban Aviation Company, on your assurance that everything was all right and that you had definitely obtained permission to use the landing field at Camp Columbia.

In view of the fact that everything has blown up, and I know that you have returned money to other stockholders, I would appreciate it very much if you would ask the Chase National Bank to give me a thousand dollars out of the funds which the Company now has on deposit there.

I would be glad to hear from you and know what your plans are for the future.

Very truly yours: ♡

G. T. Walker

[fol. 2592]

*Exhibit G.*

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.

P. H. CAINE being duly sworn deposes and says:

I am the Assistant Treasurer of Pan American Airways, Inc.

On March 1, 1928, Pan American Airways, Inc., entered into an agreement with J. K. Montgomery for the account of a Cuban company to be formed by him providing for

the purchase by such Cuban company within thirty days from Pan American Airways, Inc. of one Fairchild airplane for a price which, by supplemental agreement dated April 20, 1928, was fixed at \$12,634.52, less depreciation.

Pan American Airways, Inc. has fully performed its part of said agreements but only \$5,000.00 of said purchase price has been paid although numerous efforts have been made to collect the balance thereof amounting to approximately \$6,000.

P. H. CAINE

Subscribed and sworn to before me  
this 25th day of March, 1929.

EDWARD J. CARRINGTON

Notary Public, Kings County.

Certificate filed in New York County.

—45—

[fol. 2593]

*Exhibit H.*

In a statement dated January 2, 1929, Postmaster General New said (*The United States Daily*, Jan. 3, 1929, pp. 1, 5):

"As the year 1928 was conspicuous, so far as the Post Office Department is concerned, in the widespread development of the air mail service in the United States, so will 1929 stand out, in my opinion, as a year marked by great strides in connecting our own efficient air service with foreign countries, principally in South and Central America.

"Already we have in daily operation a line connecting New York with our northern neighbor, Canada, at Montreal and the prospects are favorable for a material extension during the coming 12 months of the Canadian service to a number of important cities in that country.

"Within the first two weeks of the new year we will begin operation of three foreign routes, already under contract, two of which mark the beginning of what will ultimately become a web of the air, tying up in a close skein of communication the two continents of the Western Hemisphere.

"Emanating from Miami, Fla., where direct connection is made with the domestic air mail system, the three routes go, one to Nassau, in the Bahamas, one to Porto Rico, and the third to the Panama Canal Zone.

"The Porto Rican service begins as a tri weekly operation, to be increased to daily when conditions warrant. Stops are to be made at Havana, Cuba; and Santo Domingo, Dominican Republic, and later at Santa Clara, Camaguey and Santiago, Cuba; and Port au Prince, Haiti. The contractor is required, under the terms of the contract, to extend the service to Trinidad via the Leeward and Windward Islands at the option of the Postmaster General.

46.

[fol. 2594] "The Canal Zone route will begin as a semi-monthly operation which stops at Merida, Mexico; Belize, British Honduras; Tegucigalpa, Republic of Honduras; Managua, Nicaragua, and San Jose, Costa Rica, and at other points to be designated. This route may also be extended via Cartagena, Colombia; Maracaibo, Venezuela; Curacao, Dutch West Indies; La Guaira, Venezuela; Port of Spain, Trinidad, Georgetown, British Guiana, to Paramaribo, Dutch Guiana. Preliminary arrangements are under way for extension of the service even farther down the west coast of South America to Santiago, Chile and over the Andes to Buenos Aires, Argentina." (Italics ours.)

*Exhibit I.***CONTRACTS AWARDED UNDER THE AUTHORITY  
OF THE MERCHANT MARINE ACT, 1928.**

<i>Route</i>	<i>Date of Adver- tisement</i>	<i>Date pro- posals were received</i>	<i>Date contract awarded</i>	<i>Contractor</i>
<b>No. 4</b> N. Y. to Buenos Aires	6/ 9/28	7/ 9/28	7/13/28	Munson Steamship Line
<b>No. 5</b> N. Y. to Mediterranean & Black Sea Ports	6/ 9/28	7/ 9/28	7/13/28	The Export S. S. Corp.
<b>No. 6</b> N. Y. to Bairo, Portuguese East Africa	8/17/28	9/17/28	10/ 1/28	American South African Line
<b>No. 8</b> N. Y. to Valparaiso	6/ 9/28	7/ 9/28	7/13/28	Grace S. S. Co.
<b>No. 10</b> San Juan to Santo Domingo D. R.	6/ 9/28	7/ 9/28	7/13/28	N. Y. & P. R. S. S. Co.
<b>No. 15</b> Boston to Yarmouth	7/11/28	8/10/28	8/11/28	Eastern S. S. Lines Inc.
<b>No. 16</b> N. Y. to Copenhagen & Helsingfors	7/11/28	8/10/28	8/30/28	American Scantie Line

<i>Route</i>	<i>Date of Adver- tisement</i>	<i>Date pro- posals were received</i>	<i>Date contract awarded</i>	<i>Contractor</i>
No. 17 N. Y. to West African Ports	7/11/28	8/10/28	8/30/28	American West African Line
No. 18 N. Y. to Maracaibo, Venezuela	7/11/28	8/10/28	8/30/28	Atlantic & Caribbean Steam Nav. Co.
No. 20 N. Y. to Havana	7/11/28	8/10/28	9/5/28	N. Y. & Cuba Mail S. S. Co.
No. 21 N. Y. to Vera Cruz [fol. 2596]	7/11/28	8/10/28	8/30/28	N. Y. & Cuba Mail S. S. Co.
No. 23 Galveston or Port Arthur to Santo Domingo	7/11/28	8/10/28	8/28/28	Lykes Bros. S. S. Co.
No. 24 San Francisco to Sydney	7/26/28	9/4/28	9/6/28	The Oceanic S. S. Co.
No. 25 San Francisco to Manila	7/11/28	8/20/28	9/28/28	Dollar Steamship Line
No. 26 Seattle to Manila	7/11/28	8/20/28	9/28/28	Admiral Oriental Line
No. 27 San Francisco to Colombo, Ceylon	7/11/28	8/20/28	8/30/28	Dollar Steamship Line

<i>Route</i>	<i>Date of Adver- tisement</i>	<i>Date pro- posals were received</i>	<i>Date contract awarded</i>	<i>Contractor</i>
No. 28 Portland, Ore. to Manila	7/11/28	8/20/28	8/30/28	States Steamship Co.
No. 29 Portland, Ore. to Takubar, China	7/11/28	8/10/28	8/30/28	States Steamship Co.
No. 30 Los Angeles to Auckland	7/16/28	8/20/28	8/30/28	Oceanic and Oriental Nav. Co.
No. 31 Los Angeles to Melbourne	7/16/28	8/20/28	8/30/28	Oceanic and Oriental Nav. Co.
No. 32 New York to Balboa, C. Z.	9/27/28	10/26/28	12/19/28	American Line S. S. Co. (Panama Pacific Line)
No. 33 Savannah to Liverpool- Bremen	10/24/28	11/23/28	11/24/28	South At- lantic S.S. Co. of Delaware
No. 34 San Francisco to Buenos Aires	10/27/28	11/30/28	12/ 3/28	Pacific Argentine Brazil Line
No. 22 New Orleans to Progresso, Mex.	2/ 8/29	3/12/29	No award made	.....

[fol. 2597]

—49—

## DOMESTIC AIR MAIL SERVICE

<i>Route</i>	<i>Date Advertised</i>	<i>Date Bids Opened</i>	<i>Date Contract Awarded</i>
Boston-New York Colonial Air Transport	7/15/25	9/15/25	10/ 7/25
Chicago-St. Louis Robertson Aircraft Corp.	7/15/25	9/15/25	10/ 7/25
Chicago-Dallas National Air Transport	7/15/25	9/15/25	10/ 7/25
Salt Lake City-Los Angeles Western Air Express	7/15/25	9/15/25	10/ 7/25
Elko-Paso Walter T. Varney	7/15/25	9/15/25	10/ 7/25
Detroit-Cleveland Ford Motor Co.	9/21/25	11/21/25	11/25/25
Detroit-Cleveland Ford Motor Co.	9/21/25	11/21/25	11/25/25
Seattle-Los Angeles Vern Gorst	7/15/25	9/15/25	12/31/25
Chicago-Minneapolis			
1. Chas. Dickinson	10/29/25	12/29/25	1/11/26
2. Northwest	8/16/26	9/ 4/26	9/ 7/26
Atlanta-Miami Florida Airways, Inc.	11/18/25	1/18/26	2/11/26
Cleveland-Pittsburgh Clifford Ball	1/22/26	3/24/26	3/27/26
Cheyenne-Pueblo			
1. Colo. Airways	12/31/25	3/ 1/26	3/29/26
2. Western Air Expr.	9/ 3/27	10/ 4/27	10/ 4/27
Detroit-Grand Rapids Stout Air Service, Inc.	6/10/26	7/26/26	7/31/26
Phila. Washington Phila. Rapid Air Transport	6/16/26	7/ 1/26	7/ 2/26



<i>Route</i>	<i>Date Advertised</i>	<i>Date Bids Opened</i>	<i>Date Contract Awarded</i>
Phila.-Norfolk Phila. Rapid Air Transport	9/ 9/26	9/25/26	9/25/26
Cleveland-Louisville Continental Air Lines	6/15/27	7/16/27	10/10/27
New York-Chicago National Air Transport [fol. 2598]	3/ 8/27	3/24/27	4/ 2/27
Chicago-San Francisco Boeing Airplane Co. and Edward Hubbard	11/15/26	1/15/27	1/29/27
New York-Atlanta Pitcairn Aviation	12/23/26	2/23/27	2/28/27
Albany-Cleveland Colonial Western Airways	6/15/27	7/16/27	7/27/27
Dallas-Gaiveston Seth Barwise	6/15/27	7/16/27	8/17/27
Dallas-Laredo Seth Barwise	6/15/27	7/16/27	8/17/27
Atlanta-New Orleans St. Tammany Gulf Coast Airways	7/18/27	8/18/27	8/19/27
Chicago-Cincinnati Embry-Riddle	7/21/27	8/18/27	11/27/27
Atlanta-Miami Pitcairn Aviation	10/18/27	11/19/27	11/23/27
Great Falls-Salt Lake City Alfred Frank	10/27/27	12/28/27	12/30/27
Bay City-Chicago Thompson Aero- nautical Corp.	2/29/28	4/30/28	5/ 5/28

<i>Route</i>	<i>Date Advertised</i>	<i>Date Bids Opened</i>	<i>Date Contract Awarded</i>
St. Louis-Omaha Robertson Aircraft Corp.	3/21/28	4/30/28	5/9/28
New Orleans-Laredo St. Tammany Gulf Coast Airways	3/20/28	5/21/28	7/13/28
Chicago-Atlanta [fol. 2599]	6/1/28	6/30/28	8/9/28 —51—

## INTERNATIONAL AIR MAIL SERVICE

<i>Route</i>	<i>Date of Ad- vertisement</i>	<i>Date Pro- posals were received</i>	<i>Contract awarded</i>	<i>Name of Contractor</i>
No. 6 Miami to San Juan	5/31/28	32 days 7/2/28	11 days 7/13/28	Pan Ameri- can Air- ways, Inc.
No. 4 Miami to Havana	3/30/28	52 days 5/21/28	8 days 5/29/28	Pan Ameri- can Air- ways, Inc.
No. 5 Miami to Cristobal	5/31/28	32 days 7/2/28	11 days 7/13/28	Pan Ameri- can Air- ways, Inc.
No. 1 Miami to Montreal	6/5/28	20 days 6/25/28	14 days 7/9/28	Canadian Colonial Airways, Inc.
No. 7 Miami to Nassau	9/17/28	28 days 10/15/28	9 days 10/24/28	Pan Ameri- can Air- ways, Inc.
No. 8 Brownsville to Mexico City	1/5/29	21 days 2/26/29	21 days 2/16/29	Pan Ameri- can Air- ways, Inc.
No. 9 Cristobal to Santiago	1/31/29	28 days 2/28/29	2 days 3/2/29	Pan Ameri- can-Grace Airways, Inc.

2680

[fol. 2600]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 136

COPY

POST OFFICE DEPARTMENT

WASHINGTON

May 3, 1929.

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

Pan American-Grace Airways,  
122 East 42nd Street,  
New York City.

The Postmaster General has been advised by the Attorney General that he has found no infirmities in the contract entered into by this department with your company and has ordered me to advise you to fulfill the terms of the contract. Stop—When will you be ready to start service to Mollendo as provided in said contract.

W. Irving Glover  
Second Assistant Postmaster General.

[fol. 2601]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 137

COPY

IMMEDIATE RELEASE

May 3, 1929.

POST OFFICE DEPARTMENT  
INFORMATION SERVICE.

Postmaster General Brown was today advised by the Attorney General that he has found no infirmity in the contract awarded by Former Postmaster General New to the Pan American-Grace Airways, Inc., of New York for air mail service from Cristobal, Canal Zone, and Santiago, Chile, with an extension over the Andes Mountains to Buenos Aires, Argentina.

This contract was awarded by Mr. New on March 2, 1929, but protest was lodged against the action of the former Postmaster General by the American International Airways, Inc., of New York City which concern was the lowest bidder for the route.

After a hearing on the protest, Postmaster General Brown referred the legal questions involved to the Department of Justice.

The Postmaster General today notified the Pan American Airways to proceed immediately to carry out the terms of the contract, and it is expected that this route will be in operation within a few days.

[fol. 2602]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 138

PAN AMERICAN AIRWAYS, INC.  
122 East 42nd Street—New York City

May 9th, 1929

Mr. R. F. Hoyt,  
c/o Messrs. Hayden, Stone & Co.,  
25 Broad Street,  
New York, N. Y.

My dear Mr. Hoyt:—

I beg to hand you herewith copy of a report which I have prepared for the Directors of Pan American-Grace Airways, Inc., covering the proposed remuneration to be made to Pan American Airways, Inc. for operating supervision of the airway to be operated by Pan American-Grace Airways, together with two estimates, one entitled "Estimate of Additional Equipment required for Cristobal-Mollendo Service", and the other, "Cristobal-Mollendo Service".

Very truly yours,

J. D. MacGREGOR  
J. D. MacGregor

JDM:S  
enclosures

[fol. 2603]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 139

To the Directors of Pan American-Grace Airways, Inc.:

Gentlemen:

I have purposely delayed making a definite proposal as to remuneration which should be recognized to Pan American Airways, Inc. for operating supervision of the 3,500 mile airway now to be operated by Pan American-Grace Airways, Inc. until I had the opportunity of giving the matter exhaustive study and intensive thought.

It is evident that if the United States Post Office Department awarded the mail contract for ten years to Pan American-Grace Airways, Inc., due weight was given to the operating performance of Pan American Airways, Inc. in fulfillment of mail contracts awarded to them in 1928. This successful performance was only possible by the expenditure of large sums of money in building up and perfecting an adequate and expert operating organization. The United States Post Office Department will expect from Pan American-Grace Airways a similar performance and unless Pan American-Grace Airways is prepared to spend from the strictly limited funds at its disposal an amount sufficient to insure a like result, it will not be very long before the United States Post Office commences to draw the matter forcibly to our attention.

Sight must not be lost of the fact that in South America strenuous and possibly unprincipled competition has shown its head, and unless our performance is excellent and our facilities adequate, our opponents will lost no time in pointing out our delinquencies and in suggesting that the contract be given to a group willing to give a service equal to that actually demonstrated by foreign companies and promised by American competitors.

[fol. 2604] The successful operation of any airway is only made possible through the assistance of men who are experts in several lines of industries, some of them recently developed. Unless Pan American-Grace Airways takes full advantage of an organization already existing, it must be prepared to build up that organization for its own account.

My estimate of the additional employees necessary for the successful operation of a 3,500 mile airway, each of whom would have to have in all probability some assistants, would be as follows:—

Comptroller (difference in salary) .....	\$ 5,000.
Purchasing Agent .....	5,000.
Traffic Manager .....	10,000.
Public Relations .....	5,000.
Chief Engineer .....	10,000.
Factory Inspection .....	5,000.
Communications Engineer .....	6,000.
Construction Engineer .....	7,500.
Advertising and Publicity Manager .....	7,500.
Meteorologist .....	5,000.
Grief .....	5,000.
	<hr/>
	\$71,000.

The item which I have listed as "Grief", \$5,000., is based on my previous experience in securing the services of employees and thereafter finding them unsuitable, either in ability or compatibility, to the work for which they have been employed.

It will be understood that these men may find it necessary to secure one or more assistants, in order to enable them to successfully handle their departments.

[fol. 2605] Pan American-Grace Airways, therefore, in my opinion, unless it avails itself of the organization already founded and developed by Pan American Airways, will face the task of securing additional personnel as detailed above, at an estimated cost of \$71,000., which I consider extremely conservative.

A statement has been prepared by Pan American Airways, Inc., demonstrating its overhead expense, without including the services of its Chief Executive and the Executive office. By means of this statement, Pan American Airways offers the use of its operating organization at a cost to us of 6¢ per mile, operating once per week from the

Canal Zone to Santiago, Chile, and of 5¢ per mile upon a three times a week schedule. The total amount for supervision, based on Pan American Airways figures, would be approximately \$22,000. and \$56,000. respectively.

I believe that Pan American Airways' figures could be shaded slightly as far as supervision of the construction of airports is concerned, and by eliminating sundry expenses, such as telephone, telegraph, stationery, etc., which facilities would be paid by Pan American-Grace Airways as used. But the offer made by Pan American Airways is so moderate as compared with the cost of building our own organization, that it is my recommendation we accept the proposal, thus gaining not only the supervision of the chief departmental heads, but also the assistance of the subordinate personnel, and that a definite agreement be drawn up and signed immediately. It is my opinion that such an agreement should be for a period of at least five years, because it would be manifestly unfair to Pan American Airways to secure supervision at a moderate rate only as long as it took us to acquire our own organization. If the contract is made for only a year, even were Pan American Airways willing to accept that period, we would, at the expiration of the time, be again faced with the necessity of acquiring an organization, and I consider that for five years to come the securing of adequate and expert operating personnel will grow increasingly difficult because airplane operations are becoming so extensive that the supply is practically exhausted at this moment, and until additional men are educated, the personnel situation will be acute.

The arrangement with Pan American Airways has the additional advantage that at the time we are operating on the reduced schedule of once a week, the supervisory charges based on a per mile unit are the more moderate figure. The establishment of our own organization would entail the large initial expense against the lesser income.

Yours respectfully,

J. D. MACGREGOR

J. D. MacGregor



CRISTOBAL/MOLLENDO SERVICE

	<u>Once a week</u>	<u>Thrice a week</u>
<u>Estimated Annual Revenue,</u> as per Exhibit "A"	\$ 599,700.	\$ 1,532,400.
<u>Estimated Annual Expenses -</u> <u>Cristobal/Talara (Sikorskies)</u> as per Exhibit "B"	\$ 259,900.	\$ 575,200.
<u>Talara/Mollendo (Fairchilds)</u> as per Exhibit "C"	186,700.	383,400.
	<u>\$ 446,600.</u>	<u>\$ 958,600.</u>
<u>Estimated Net Revenue</u> <u>on basis of Sikorskies and</u> <u>Fairchilds</u>	<u>\$ 153,100.</u>	<u>\$ 573,800.</u>
<u>Estimated Annual Expenses -</u> <u>Cristobal/Talara (Sikorskies)</u> as per Exhibit "B"	\$ 259,900.	\$ 575,200.
<u>Talara/Mollendo (Fords)</u> as per Exhibit "D"	264,600.	631,300.
	<u>\$ 524,500.</u>	<u>\$ 1,206,500.</u>
<u>Estimated Net Revenue</u> <u>on basis of Sikorskies and</u> <u>Fords</u>	<u>\$ 75,200.</u>	<u>\$ 326,300.</u>

Estimated expenses shown above do not include compensation for extraordinary services rendered by Pan American Airways, Inc., and W. R. Grace & Co.

2686

[fol. 2608]

EXHIBIT "A"

ESTIMATED ANNUAL REVENUE

	<u>Once a week</u>	<u>Thrice a week</u>
<u>U.S. Mail Contract</u> \$1.80 per mile 2300 miles each way	\$ 430,000	\$ 1,290,000
<u>Passenger Revenue</u>		
<u>Cristobal-Talara (1100 miles)</u> 2 pass. per trip \$200. each (\$0.20 a mile)	41,600.	63,200.
<u>Talara/Mollendo (1100 miles)</u> 2 pass. per trip \$140. each (\$0.13 a mile)	29,100.	58,200.
<u>Local Peruvian</u> Passengers - \$1,800. per year	96,000.	96,000.
<u>Local Mail &amp; Express Cargo</u>	3,000.	6,000.
	<u>\$ 599,700.</u>	<u>\$ 1,535,400.</u>

[fol. 2609]

EXHIBIT "B"ESTIMATED EXPENSESCristobal/Talara (Sikorsky Planes)  
1115 Miles

	<u>Once a week</u>	<u>Thrice a week</u>
H.R. Harris (In charge of operation)		
Pilots (2)	\$ 12,000.	\$ 12,000.
Co-pilots (2)	15,000.	22,500.
Radio operators (on plane and ground) (2)	11,000.	16,500.
1 Chief Mechanic \$2400.	6,000.	12,000.
5 Mechanics } average (8)	14,400.	43,200.
Gasoline 40 gal. per hour at 40 cts.	22,900.	68,700.
Oil 24 gal. per hour at 90 cts.	3,200.	9,600.
Spares (\$5. an hour)	6,500.	19,500.
Depreciation - Planes \$26.50 per hour		
Engines \$13.50 per hour	52,000.	156,000.
Insurance (fire and liability) 10%	13,000.	32,500.
Reserve against crash 25%	32,500.	81,300.
Depreciation ground equip. 20%	10,000.	14,000.
Rent	2,400.	2,400.
Agency fees	3,600.	3,600.
Bookkeeper (Cristobal)	2,400.	2,400.
Share New York Overhead (50%)	25,000.	
Interest on Investment (6%)	13,000.	24,000.
Contingencies	15,000.	
	<u>\$ 259,900.</u>	<u>\$ 571,200.</u>
Miles flown	116,000.	348,000.
Cost per mile	\$2.23	\$1.63

EXHIBIT "C"ESTIMATED EXPENSESTalara/Mollendo (Fairchild Planes)  
1,100 miles

		<u>Once a week</u>	<u>Thrice a week</u>
Travis (In charge of Operations)		\$ 7,500.	\$ 7,500.
Pilots	(2)	15,000.	(3) 22,500.
Co-pilots	(2)	11,000.	(3) 16,500.
Radio operators on plane and ground	(2)	6,000	(4) 12,000.
1 Chief Mechanic } \$2400.			
5 Mechanics } average	(6)	14,400.	(18) 43,200.
Gasoline 22 gal. per hour at .40 cts.		15,000.	45,000.
Oil 11 gal. per hour at .90 cts.		1,900.	5,700.
Spare (35. an hour)		7,800.	23,400.
Depreciation - Plane \$8 an hour			
Engines \$7.50 an hour		24,200.	72,600.
Insurance (fire and liability) 10%		5,400.	12,500.
Reserve against crash 25%		13,100.	39,300.
Depreciation ground equipment (20%)		10,000.	14,000.
Rent		2,400.	2,400.
Agency fees		3,600.	3,600.
Bookkeeper (Lima)		2,400.	2,400.
Interest on investment		7,000.	12,000.
Share New York Overhead (50%)		25,000.	25,000.
Contingencies		15,000.	30,000.
		<u>\$185,700.</u>	<u>\$389,400.</u>
Miles flown		114,000.	342,000.
Cost per mile		\$1.64	\$1.14

[fol. 2611]

EXHIBIT "D"ESTIMATED EXPENSESTalara/Mollendo (Fords)  
1,000 miles

		<u>Once a week</u>	<u>Thrice a week</u>
Travis (In charge of operations)		\$ 7,500.	7,500.
Pilots	(2)	15,000.	(3) 22,500.
Co-pilots	(2)	11,000.	(3) 16,500.
Radio operators (on plane and ground)	(2)	6,000.	(4) 12,000.
1 Chief Mechanic } \$2400.			
5 Mechanics } average	(6)	14,400.	(18) 43,200.
Gasoline 70 gals. per hour at .40 cts.		40,000.	120,000.
Oil 5 gals. per hour at .90 cts.		7,000.	21,000.
Spares (\$5. an hour)		7,800.	23,400.
Depreciation (Planes at \$26.50 per hour)			
(Engines at \$20.00 per hour)		65,000.	195,000.
Insurance (fire and liability) 10%		7,200.	21,600.
Reserve against crash 25%		18,000.	54,000.
Depreciation ground equipment 20%		10,000.	30,000.
Rent		2,400.	7,200.
Agency fees		3,600.	10,800.
Bookkeeper (Lima)		2,400.	7,200.
Interest on Investment		7,300.	21,900.
Share New York Overhead (50%)		25,000.	75,000.
Contingencies		15,000.	45,000.
		<u>\$264,600.</u>	<u>\$631,300.</u>
Miles flown		116,000.	348,000.
Cost per mile		\$2.28	\$1.81

ESTIMATE OF ADDITIONAL EQUIPMENT  
REQUIRED FOR CRISTOBAL-MOLLENDÓ  
SERVICE

[fol. 2612]

The enclosed estimate shows that if service is to be maintained from Cristobal to Mollendo using the Fairchild's now in Peru plus additional equipment for the run from the Canal Zone to Talara, the additional investment would be as follows:

	<u>Once a week</u>	<u>Thrice a week</u>
Sikorskies, plus spare engine and miscellaneous equipment (1)	\$ 65,000.	(3) \$ 195,000.
Sikorskies Reserve (with spares) (1)	65,000.	(2) 130,000.
Loening, plus spare engine and miscellaneous equipment (for run Guayaquil Talara)	34,000.	-
Ramps, improvement of landing fields, refuelling stations and radio stations	100,000.	140,000.
	<u>\$ 264,000.</u>	<u>\$ 465,000.</u>

Should the Fairchilds be replaced by tri-motored Fords, the following additional investment would be required:

	<u>Once a week</u>	<u>Thrice a week</u>
Investment as above	\$ 264,000.	\$ 465,000.
Tri-motored Fords (1)	60,000.	(3) 180,000.
Spare engines (1)	7,000.	(3) 21,000.
Spares and miscellaneous equipment, incl. radio sets	5,000.	15,000.
	<u>\$ 336,000.</u>	<u>\$ 601,000.</u>

If the five Fairchilds now in Peru should be replaced by Fords, other fields of operation would have to be found for them, unless it is decided to replace them gradually as they become fully depreciated or are destroyed in accidents.

The Loening Amphibian at present running from Guayaquil to Talara might not be required if the Sikorskies fly down to Talara and back from the Canal Zone.

G V

N.Y. May 7/29

Above estimate of contemplated additional investments does not include cost of hangars at following points:

Cristobal  
Guayaquil  
Talara  
Lima  
Mollendo (or Arica)

[fol. 2613]

EQUIPMENT REQUIRED

		<u>Once a week</u>	<u>Twice a week</u>
<u>Cristobal/Guayaquil (930 miles)</u>			
Sikorskies	{1}	\$ 53,000.	{3} \$ 159,000.
Spare engines	{1}	7,000.	{3} 21,000.
Spares and miscellaneous equipment (including radio sets \$2500)		5,000.	15,000.
Two reserve Sikorskies (with spares)	(1)	65,000.	(2) 130,000.
<u>Guayaquil/Talara (180 miles)</u>			
Loening Amphibian (approximate)	{1}	\$ 25,000.	3 Sikorskies could reach down as far as Talara
Spare engine	{1}	7,000.	
Spares and miscellaneous equipment		2,000.	
		<hr/>	
		\$ 164,000.	\$ 328,000.
<u>Talara/Mollendo (1100 miles)</u>			
Fairchild	{2}	\$ 37,000.	{5} \$ 185,000.
Spare engines	{2}	13,000.	{3} 39,000.
Spares and miscellaneous equipment		4,000.	12,000.
		<hr/>	
		\$ 218,000.	\$ 443,000.
Ramps and improving landing fields		60,000.	100,000.
Refuelling Stations		10,000.	10,000.
Radio Stations		30,000.	30,000.
		<hr/>	
		\$ 318,000.	\$ 523,000.



2692

[fol. 2614]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 140

August 20, 1929

### ORDER

From October 12, 1929, extend service from Santiago, Chile, by Buenos Aires, Argentina, to Montevideo, Uruguay, and return, once a week, including such intermediate points as may be acceptable to the Governments of these countries and designated by the U. S. Post Office Department, the contractor to be allowed \$4.80 per statute mile flown each way based on the shortest practicable airway distance between points on the route as determined by the Postmaster General for the specified load of not exceeding 800 pounds each way, plus 90 cents per pound per thousand miles or pro rata thereof for greater or less mileage for any excess mails required to be carried in the same aircraft.

W. Irving Glover

Second Assistant  
Postmaster General

[fol. 2615]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 141

### COPY

October 24, 1929.

Hon. Walter F. Brown,  
Postmaster General  
Post Office Department,  
Washington, D. C.

RE: Route No. F.A. M. 5.

Dear Sir:

As you know this Company has been operating since February 4th, 1929, Foreign Air Mail Route No. 5. In accordance with your Department's instructions, we are now flying three trips per week, both ways, over the main section

of this route, i.e., from Miami, Florida, to Cristobal, Canal Zone. Although our contract contemplates daily service on this portion of Route No. 5, we have been informed by the Department that under the condition of the appropriation it is not practical to permit the performance of full service at the present time. We understand, however, that the Department hopes to increase the number of trips per week on this portion of Route No. 5 as soon as sufficient funds become available.

For some months past we have been giving much thought to the possibility of increasing the speed of our service on this portion of Route No. 5. In connection with this study, we have considered the possibility of flying between Miami and Cristobal, the termini on the main section of this route, by a more direct line than that now designated (i.e., via Havana, Cuba, Cozumel Island, Mexico (no office), Belize, [fol. 2616] British Honduras, Tela, Honduras, Managua, Nicaragua, and Panama). Two such possibilities have been indicated by our Technical Staff. One line is via the Isle of Pines, Swan Island and Cape Gracias a Dios, Honduras; the other is via points in Cuba, and Kingston, Jamaica. It is estimated that, by use of either of these lines, the three day period now consumed in flying from Miami to Cristobal could be reduced to two days, and the time could ultimately be cut to even less.

Since the Miami-Cristobal section of Route No. 5 constitutes a link in the through service now in operation to Colombia, Ecuador, Peru, Chile and Argentina and also connects with the line serving the North Coast of South America, any reduction in the length of time taken to reach Cristobal from Miami would be reflected in the air mail schedules to South America. Furthermore, the cost to the Department of the additional flights per week contemplated in Contract No. 5 via either of the more direct flights suggested would be considerably less than via the intermediate points now designated along the West Coast of Central America.

While our Technical Staff has advised us that passenger and mail service to the Canal Zone, via Jamaica, or via Isle

of Pines—Swan Island—Cape Gracias a Dios, is entirely practicable, regular service would require the construction of large multi-engined flying boats or amphibians of a type which are not now available in the American market. However, [fol. 2617] detailed engineering plans and specifications, including "Model Basin Runs," on four-engined equipment suitable for this service, have been developed by two outstanding American Airplane Manufacturers during the past several months—in conjunction with Pan American Engineers.

The results obtained indicate that this type of equipment would render satisfactory service over either of the lines suggested. We will be unable to secure such equipment for approximately eighteen months; and even this could be done only by placing definite orders now with manufacturers.

In view of the very real advantages that might be obtained by the Department through our operating over one of the shorter lines mentioned, we have thought it proper to inquire whether, in the event that further appropriations for foreign air mail service are obtained (and the number of trips on the main section of Foreign Air Mail Route No. 5 increased), the Department would be willing to direct that certain of the additional trips on this Route be flown via one of the suggested lines. We understand, of course, that three flights per week as now required by the Department on Route No. 5, would have to be maintained via the Capitals and chief cities of the countries of Central America now designated.

If the Department would indicate its willingness, contingent upon additional appropriations being made available, to order certain of the additional flights per week contemplated in the contract for Route No. 5 to be operated within eighteen months via one of the more direct lines described above, we are prepared to let contracts for the required equipment. Not only would the through mail service to South America be expedited, but also a considerable saving will result to the Government in reduced costs of transporting the through mail to Cristobal.

Should the Department favorably consider this change in the intermediate stops on certain of the additional trips contemplated on Route No. 5, we are prepared to have our Technical Advisor make immediate survey flights over both lines mentioned and to report the results of these survey flights to the Department.

Yours very truly,

PAN AMERICAN AIRWAYS, INC.

By \_\_\_\_\_  
J. T. Trippe, President

JTT:s

[fol. 2619]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 142

POST OFFICE DEPARTMENT  
SECOND ASSISTANT POSTMASTER GENERAL  
WASHINGTON

October 28, 1929.

Pan American Airways, Inc.,  
122 East 42nd Street,  
New York, N. Y.

Gentlemen:

The Postmaster General has handed me your letter of October 24, 1929, in which you propose that as soon as appropriations are available for the increased frequency of service contemplated by the contract for P.A.M. Route 5, such additional trips be authorized from Miami to the Canal Zone, either by way of the Isle of Pines, Swan Island, and Cape Gracias a Dios, Honduras, or by points in Cuba and Kingston, Jamaica.

This Office appreciates the desirability of a more direct service between Miami and Cristobal in order to shorten the time to and from South America, and therefore agrees to your proposal, which would accomplish this purpose as

well as result in a material saving in the cost of the service due to the decreased distance involved.

Instructions have accordingly been issued to the Division of International Postal Service to authorize such increased frequency of trips as may be determined upon over one or the other of the proposed direct routes, when appropriations are available for the service.

Very truly yours,

(Sgd) W. IRVING GLOVER

W. Irving Glover,  
Second Assistant  
Postmaster General.

[fol. 2620]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 143

## PAA CONTRACT

### TRAFFIC AGREEMENT

between

PAN AMERICAN AIRWAYS, INC.,  
PAN AMERICAN-GRACE AIRWAYS, INC.,  
SCADTA

February 28, 1930

[fol. 2621] AN AGREEMENT made this 28th day of February 1930, between PAN AMERICAN AIRWAYS, INC., (a New York corporation, hereinafter referred to as Pan American), PAN AMERICAN-GRACE AIRWAYS, INC., (a Delaware corporation, hereinafter referred to as Panagra), and SOCIEDAD COLOMBIOALEMANA DE TRANSPORTES AEREOS (a Colombian corporation, hereinafter referred to as Scadta),

Pan American and Panagra are engaged in the general business of the transportation of passengers, property and

mail by air between the continental United States, Nassau, Cuba, Haiti, Santo Domingo, Porto Rico, the Virgin Islands, certain of the Windward and Leeward Islands, Trinidad, British and Dutch Guiana, Mexico, the countries of Central America, Colombia, Curacao, Ecuador, Peru, Chile, Argentina and Uruguay, the Canal Zone, and in the interior of certain of said countries. Scadta is engaged in the general business of the transportation of passengers, property and mail by air between Colombia, Ecuador, Panama and the Canal Zone, and in the interior of Colombia. The parties desire to cooperate for their mutual advantage, and to this end agree as follows:

[fol. 2622] **FIRST:** The parties agree to furnish each other with full and complete information in regard to their respective services.

**SECOND:** Scadta will use its best efforts to cause passengers or property (other than mail) coming over one of its lines and destined for transportation by air to points outside Colombia served by the lines of Pan American and or Panagra, and not served by its own lines, to be transported over the lines of Pan American and or Panagra, and to this end will furnish such passengers and the consignors of such property with such information as it shall have available in respect to the services of Pan American and or Panagra, and will direct them to an office of Pan American and or Panagra where they may make arrangements for transportation over the lines of such company.

**THIRD:** Pan American will use its best efforts to cause passengers or property (other than mail) coming over one of its lines and destined for transportation by air to points served by the lines of Scadta and not served by its own lines or by the lines of Panagra, to be transported over the lines of Scadta, and to this end will furnish such passengers and the consignors of such property with such information as it shall have available in respect to the services of Scadta, and will direct them to an office of Scadta where they may make arrangements for transportation over its lines.

FOURTH: Panagra will use its best efforts to cause passengers or property (other than mail) coming over one of its lines and destined for transportation by air to points served by the lines of Scadta and not served by its own lines or by the lines of Pan American, to be transported over the lines of Scadta, and to this end will furnish such passengers and the consignors of such property with such information as it shall have available in respect to the services of Scadta, and will direct them to an office of Scadta where they may make arrangements for transportation over its lines.

FIFTH: Nothing in the foregoing paragraphs, Second, Third and Fourth, contained shall be construed as requiring the parties to this agreement, or any of them, to deprive themselves or itself of the longest possible carriage of passengers or property over its own lines.

SIXTH: Pan American and Panagra agree to display at their executive and chief traffic offices signs of Scadta, and Scadta agrees to display at its executive and chief traffic offices signs of Pan American and Panagra. Such [fol. 2624] signs may state the relations between the parties. They shall be furnished at the cost of the party desiring the display of the same. In general, advertising matter issued by Pan American or Panagra which refers to the service of Scadta shall be submitted to and approved by Scadta before it is used, and advertising matter issued by Scadta which refers to the service of Pan American and/or Panagra shall be submitted to and approved by Pan American and/or Panagra before it is used.

SEVENTH: Pan American agrees to cooperate with Scadta in respect of radio communication, and to give to Scadta the benefit of its experience in the use of radio apparatus both on airplanes and at ground stations, so that Scadta may be able efficiently to direct and control the operation of its aircraft. Pan American will furnish Scadta with information relative to the securing of wave lengths for international service, and will assist Scadta in the drafting of the necessary papers in connection therewith. Pan American and Panagra will supply to Scadta,



and Seadta will supply to Pan American and Panagra, their respective traffic and meteorological codes and such further information as to wave lengths, operating hours, and types of radio equipment used, as may be necessary to enable Seadta to receive ordinary radio despatches of planes [fol. 2625] and ground stations of Pan American and Panagra, and to enable Pan American and Panagra to receive ordinary radio despatches of planes and ground stations of Seadta. Pan American will lease radio apparatus to Seadta, to the extent that it may be permitted to do so by agreements with the companies owning the basic radio patents, on such terms and conditions as may be agreed upon, such terms to be not less favorable than those accorded by Pan American to any other company (except to companies in which Aviation Corporation of the Americas, the parent company of Pan American, owns fifty per cent or more of the stock).

EIGHTH: Pan American and Panagra agree to cooperate with Seadta in the salvaging of planes of Seadta which may be damaged, destroyed or lost at or near the lines of Pan American and or Panagra, and Seadta agrees to cooperate with Pan American and or Panagra in the salvaging of planes of Pan American and or Panagra which may be damaged, destroyed or lost at or near the lines of Seadta.

NINTH: Planes of Pan American and Panagra shall be privileged to use the landing fields and airports located on the international lines of Seadta, and planes of Seadta shall be privileged to use the landing fields and airports located on the international lines of Pan American and Panagra, except in cases where such use will be inconsistent [fol. 2626] with the provisions or leases or other instruments regulating the tenancy of such landing fields and airports. A company availing itself of this privilege shall be chargeable with reasonable fees therefor. For six months from the date hereof, the fee payable for the use of an airport or landing field overnight, with servicing of plane and shelter, if available, but without the lodging of crew or passengers shall be \$15 (U. S. currency).

TENTH: The accounts between Pan American and or Panagra and Scadta shall be made up in United States currency and balances struck not later than the fifteenth day of each month. Balances shall be payable ten days thereafter.

ELEVENTH: Any dispute arising under, out of, in connection with, or in relation to this contract shall be submitted to arbitration. Each of the parties to the dispute will appoint an arbitrator, and the two arbitrators so named will select a third arbitrator. This arbitration shall be effected in the City of Panama and in conformity with the laws of the Republic of the same name. The parties hereby bind themselves to abide by the decision of the arbitrators or of a majority thereof, and renounce all right to take legal measures, except to enforce the award.

[fol. 2627] TWELFTH: This agreement shall continue in force for a period of two years from the date hereof, provided that Pan American and Scadta, or Panagra and Scadta, by mutual consent, may terminate their respective rights and obligations at an earlier date. None of the parties shall have the right to assign the whole or any part of its interest in this agreement without the consent of the other parties given in writing.

IN WITNESS WHEREOF, the parties have caused these presents to be executed in their corporate names and on their behalf in New York, N. Y., this 28th day of February 1930.

PAN AMERICAN AIRWAYS, INC.

By s J. T. TRIPPE

President

PAN AMERICAN-GRACE AIRWAYS, INC.

By /s J. T. TRIPPE

Vice-President

SOCIEDAD COLOMBIANA ALEMANA DE TRANSPORTES AERIOS

By /s DR. D. BAUER

Vice-President

[Vol. 2628]

PAN AMERICAN WORLD AIRWAYS, INC., EXHIBIT 144

(Letterhead of Pan American Airways, Inc.,  
New York City)

May 2nd, 1930.

Mr. J. T. Trappa,  
c/o The National City Bank,  
36 Bishopsgate,  
London, England.

Dear Juan:

You have been missed since your departure, but business, I am glad to say, has been flowing along smoothly, and everything to date is well under control. There is nothing concerning us here, and I feel quite certain that you will find everything in order on your return.

I will try to give you a few of the high spots as briefly as possible, just to keep you informed.

Confirmation has come through that the Argentine Post Office has cancelled the Tri Motor Supply Airways' contract between Argentine and Chile, due to lack of performance. Yesterday, in order to be in on the picture of fast service between Buenos Aires and New York, New York, Rio and Buenos Aires Lines announced a six and one-half day passenger and mail service to Miami. How they will get the mail to New York is a question. They certainly cannot handle it through the Post Office, although they might turn it over to Eastern at Miami, sending it north as express. Certainly this would cost them at least \$100 a pound, in which case they would cut their total income in half for the run. There are many angles to this situation, as you can readily appreciate, and just how Washington will view such competition is questionable. I have checked up and found that as yet no arrangements have been made with Eastern.

I am enclosing Exhibit 1, covering the withdrawal of the advertisements for domestic air mail contracts which were

issued under date of April 11th, and which have been withdrawn.

The Watres Bill has been signed by the President.

I am enclosing Exhibit 2 - copy of a letter from Mr. Evan F. Young to Mr. Rihl, regarding the negotiations between Great Britain and the United States respecting reciprocal operating rights, which is interesting.

[fol. 2629] Exhibit 3. For your information, no doubt you will want to take up these matters with Mr. Woods Humphery while in England.

Exhibit 4. A clipping stating that Mr. A. C. Dickinson has been elected Chairman of the Board of Sikorsky, E. E. Wilson being made President.

Mr. Merkel called yesterday to advise us that cable communications from Friedrichsafen stated definitely that there would be no stop at Havana on the trip, and that the matter of delivering mail to the Zeppelin, therefore, was off. Consequently, we have discontinued interest in the matter.

I believe Mr. Rihl wired you regarding the indication that Washington is desirous of having us handle North-bound mail from Cuba on routes F. A. M. 5 and 6, rather than on number 4. However, Mr. Rihl went to Washington day before yesterday on the matter, and I think Captain Nagle had perhaps overstressed the urgency of the situation, and while there is some thought in Washington that it may be necessary to make some rearrangement on the handling of mail on those routes, using F. A. M. 4 only one day a week for the Cuban mail, I do not believe that anything will be precipitated before you get back. Therefore, I would not be very much concerned except to turn the matter over in your mind.

Grayson advised Rihl that they were considering the matter, as Montalvo had brought up the discussion, but while Grayson was in Cuba, he very carefully avoided it, as he wanted to talk the situation over with us first, which was very thoughtful.

Mr. Merkel has been in close touch with us, and I have supplied him with the "Lighter Than Air" Bills, which he has read with interest. His comment on them was that they seem practically the same as the Heavier Than Air Legislation, except regarding monetary considerations, contract bases and matters pertaining to insurance, and he said he would like to discuss these phases with you on your return.

General Festing has not yet arrived.

Atlantic City matters are progressing. Mr. Whitney and Mr. Thach report that it looks quite likely that a good arrangement will be made with the "New York Sun" for the handling of papers. I cannot give you definite information on this, as I only received this information late last evening. Facilities and publicity arrangements are being whipped into line. Ruhl being, I am sure, of considerable help in eliminating difficulties.

[fol. 2630] We completed the impending transaction on May 1st with Abrasion. The amount, with which you are familiar, was transferred in the manner of the last transaction. Mr. Friendly checking with both Mr. Whitney and myself before completing the matter, and everything is in order. \*Certain data is due daily, as cable information establishes the date of mailing to us from the southern point.

As to the inauguration of the seven day service, it has been carried out with remarkable results. There have been no slip-ups as far as actual operation is concerned. The mail is on time at every point. One remarkable incident for which Pan American Grace deserves a lot of credit is that the Northbound mail was blocked at Mendoza, due to a heavy blizzard in the Andes, and arrived in Santiago forty-one hours late. That gave us some concern. However, Pan-Grace took off their coats and went to work. They made up the forty-one hours, and the mail arrived at Cristobal ten minutes ahead of schedule. Not so bad. But it did require flying from Lima to Talara at night. Not so good as a general thing, but the spirit back of it is admirable.

Publicity regarding the flight has been excellent, I feel certain. I have been watching clippings from all points of the country, and we have had fine distribution. Many congratulatory messages have been received. I am attaching data pertaining to the Southbound flight, and one covering the Northbound up to the present time, which will be of interest. The log carried in the newspapers, and I hope reached the ship.

We are also planning a special release covering Venezuelan service, which opens next week. I will not go into details further, inasmuch as the satisfactory completion of that flight is all that you are concerned with.

A very unfortunate incident occurred in connection with it which gave us some concern, and that was that while Colonel Lindbergh was laying over at the Canal Zone, a report came up from a source not yet traced, that he had crashed at the Canal Zone while making a special flight to see the Governor. The anxiety was tense for some hours, but I cannot say that I was concerned because I felt we would be immediately notified should any such catastrophe occur, and this was later borne out by our Communications Department, who immediately checked up and advised that there was no truth to the statement. We were glad to be able to release the first authentic denial over the ticker and that Colonel Lindbergh had made a short flight across the Isthmus and had landed with perfect safety.

[fol. 2631] Have just received a message from Captain Nagle that the Appropriation Bill passed the joint Committee without any strings tied to it, which is good news. I want to talk with Mr. Patchin in confirmation of this, but have not as yet been able to reach him.

Mr. and Mrs. William F. Cogswell are celebrating the birth of a daughter. The event has involved a certain amount of expense, as far as we are concerned, for because of this event I have not been able to get Mr. Cogswell into the office to discuss payments on account of Pan American-Grace Airways, Inc.!

The Dinner Key matter is progressing as you desired, but it may be necessary for either George or myself to go to Miami, in company with either Mr. MacCracken or Mr.

O'Neill, to close the transaction with the City officials there as they have requested. I still believe that there will be no question if this transpired, that we will be able to hold out and have the proceedings go ahead, whereby we (the Florida Co.) finance the condemnation, and trade the 20% of the property to the City in lieu of taxes. This is what we want and should get.

It may be necessary to elect the two directors, in order to carry this out, as the City is pushing us now so that the Trustees cannot take any action which would delay proceedings. Should this be necessary, Mr. Ruhl and Mr. Thach think it would be best to elect George and myself as Directors to carry out this work. These Directors can be changed upon your return if not satisfactory.

I think this covers things of importance. Many routine matters are being cleared through promptly. The organization is running smoothly. All are present and accounted for.

I hope matters are going satisfactorily with you and that you and Mrs. Trippe are having a most enjoyable relief, in spite of the work at hand. I shall look forward to seeing you on your return somewhat rested and refreshed.

With kindest regards to you both,

Sincerely,

E. E. W.

EEW:B

[fol. 2632]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 145

(Cablegram of All America Cables)

HWH1 BS ZLT 35 BAIRE5 153 EETH 534PM  
DEL 030 MAY 14 30

ZLT NYRBALINE NEW YORK

MACCRACKEN ONEILL STOP ARGENTINE POST  
OFFICE RECEIVED FOLLOWING CABLE FROM USA



POSTOFFICE QUOTE PLEASE CABLE WHETHER YOU DESIRE CONTINUANCE TRANSPORTATION BY OUR DOMESTIC AIR SERVICE MIAMI TO NEW YORK OF YOUR MAILED ARRIVING BY NYRBA LINE FOR CHARGE AGAINST YOUR ADMINISTRATION AT REGULAR \$2.50 RATE SIGNED POSTGEN UNQUOTE

[fol. 2633] WAS ANSWERED BY ARGENTINE POST OFFICE THUS QUOTE OUR SERVICE IS NOT INTERESTED IN PAYING SUPPLEMENTARY OVERCHARGE MIAMI NEW YORK AS NYRBA CONTRACT OBLIGES COMPANY SERVE DIRECTLY OR CONTRACT ON HER ACCOUNT PLANE TO NEW YORK MATTER WHICH COMPANY PROMISED TO URGENTLY REGULARIZE SIGNED POSTGEN UNQUOTE AUTHORITIES MAINTAIN THAT UNDER CLAUSE IS OUR

[fol. 2634] CONTRACT NYRBA MUST REACH NEW YORK BY AIR STOP TO GIVE YOU TIME HAVE VERBALLY ARGUED NEW YORK OPTIONAL STOPPING PLACE BUT ARGUMENT UNSUBSTANTIAL WOULD BE UNSUSTAINABLE ONCE SIX MONTHS CLAUSE 4 ELAPSED STOP ADVISE US WHETHER SHALL HAVE THE EXTENSION MIAMI NEW YORK OPERATING STOP COMPETITORS AGRESIVITY OBLIGE GOVERNMENT EXACT STRICT COMPLIANCE

[fol. 2635] CONTRACT  
BUNGE BILBAO

[fol. 2636]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 146

Buenos Aires, June 4th 1930.

Panair Letter No. 26—

PAN AMERICAN AIRWAYS INC.  
Suite 4200 — 122 East 42nd St.  
NEW YORK NY

Attention: Mr. George L. Rihl,  
Vice President.

Dear Mr. Rihl:

This will acknowledge receipt of the memorandum of May 23rd on the subject of 'Nyrba Propaganda' together with the two copies of one of their booklets.

These people certainly are engaging in false propaganda. Taking that part of their booklet which deals with contracts and concessions which they hold, I will try to give you a resumé of the actual situation as regards these people and their claims.

## Argentina.

Nyrba are right when they state that it takes the signature of the President to modify a decree which he has signed. However their situation does not come under this heading. Their decree has not been modified but has been clarified or interpreted by the Minister of Interior. This is perfectly legal and is the practice of this country as well as it is in the United States. Here the President signs a decree but the general law permits the Minister under whose department the decree is to be enforced, make the interpretation for administration purposes. In this regard I hope within a few days to have competent, legal, official written opinion to substantiate this fact. This opinion will naturally eliminate from the minds of any person the fact that Nyrba have any preferential rights for airmail other than 25% of the airmail which their decree specifies. This leaves us 75%.

As you know the Argentine government has suspended airmail services via Nyrba from the Argentine to Santiago.

Chile. This suspension is still in force and according to conversations with the government authorities there is no immediate prospect for the suspension being lifted. I have already sent you this governments ruling with reference to monopolies of privileges for international airlines, which is distinctly against them.

#### Chile.

It is true Nyrba have a presidential decree authorizing the Chilean Postmaster to make a contract with Nyrba. Up until May 24th, the Chilean Postmaster had not made such contract, therefore Nyrba have nothing in Chile except the permission to enter and leave with passengers from Santiago to Mendoza.

[fol. 2637]

#### URUGUAY.

The Uruguayan authorities have made the same interpretation of the Nyrba contract in that country as has the Argentine. Proof of that fact is that they have awarded PAN AMERICAN GRACE AIRWAYS INC. airmail services Via Pacifico without any mention of Nyrba preferential rights and have awarded PAN AMERICAN AIRWAYS INC. services to all countries in the Western hemisphere (in combination with PAN AMERICAN GRACE AIRWAYS INC.) Via Atlantic without any mention of preferential rights of either the Nyrba or the French.

With regard to the subsidy which Nyrba claims they have from Uruguay, of \$150.00 U.G. daily, this is a plain misstatement. The situation in this regard is briefly as follows:

In 1928 an Italian by the name of Colombo obtained from the Uruguayan government a concession to operate an airline between Montevideo and Buenos Aires. The Uruguayan government granted him \$150.00 U.G. per day for each round trip completed but not to exceed a total subsidy of \$25,000.— U.G. He operated until the early part of 1929 at which time due to two disasters he went bankrupt. Nyrba then obtained permission from the Uruguayan authorities to continue in his stead. Under this arrangement they started services in August and received the subvention of

\$150,000 U.G. per day from August until the end of December 1929, at which time the original appropriation \$250,000.00 U.G. was exhausted. Since that time Nyrba have been operating the Buenos Aires-Montevideo service without any subvention from the Uruguayan government. In my conversations with officials of this republic they emphatically state that they will not grant any additional subsidy to international airmail companies, as they now have all the international airmail service which they require and without it costing them anything in the way of subsidy.

### BRAZIL.

You are familiar with the situation in Brazil and are better able than I to point out the defects of their propaganda with respect to this country and you were there since I have been.

In connection with the affiliated lines which show The Chilean national lines and the Lloyd Boliviano services, I wish to call your attention to the fact that Nyrba are not at the present time connecting with the Bolivian aerservices. Their recent petition to the Argentine government for an airmail contract to Bolivia in combination with the Bolivian aerservices was refused with the statement by the government to Nyrba, that this government would not award Nyrba any further postal contracts until they comply satisfactorily with all the terms of the contract which they now hold. You have a copy of this bulletin.

I am now endeavoring to place before the American Embassy in Buenos Aires the true status of Nyrba's contract in this country to the end that our Embassy here may forward this information to the State department in Washington. I shall endeavor to do the same thing in Uruguay.

Vol. 2638. By the end of this week I hope to have the above mentioned official legal written opinion covering the validity of the interpretation made by the Minister of interior in the presidential decree which Trimotor Safety Airways Inc. hold.

This letter is only meant to give you a brief synopsis of the situation with respect to Nyrba's propaganda. I shall

2710

amplify it with such written proof and government action as I can obtain within the next two weeks.

Kindest personal regards.

Sincerely

/s/ JAMES D. SUMMERS  
James D. Summers

Copy to Mr. F.E. Wyman  
" Mr. Robert G. Thach  
" " Mr. Evan E. Young  
" " Mr. Schuster.

[fol. 2639]

PAN AMERICAN WORLD AIRWAYS, INC., EXHIBIT 147

PAN AMERICAN GRACE AIRWAYS, INC.

122 EAST 42ND STREET  
NEW YORK

CABLE ADDRESS  
"PANAGRA"

June 12, 1930.

Mem. to Mr. J. T. Trippe, President:  
Pan American Airways, Inc.,  
New York City.

For your confidential information I hand you a copy of a letter received from our Chile Agents, under date of the 30th of May, 1930, referring to a recent visit of Mr. Bunge of the Nyrba to Santiago.

PAN AMERICAN GRACE AIRWAYS, INC.

/s/ J. D. MacGREGOR  
J. D. MacGregor.

JDM: Q  
Enc.

[fol. 2640]

Private Letter No. 78

SANTIAGO, Chile, 30th of May, 1939

Pan American Grace Airways Inc.  
NEW YORK

Dear Sir:

By request of our General Manager, Mr. F. E. Metzner, we have pleasure in advising you of the following in connection with the operations of the "Nyrbu" in Chile.

We have been confidentially informed that Mr. Bunge, who arrived from Buenos Aires last Saturday, arranged to be received by the President of the Republic in audience early this week, and the object of his visit was to convince H. E. that there was no reason whatever why the "Nyrbu" should pay the Aviation Department of Chile the \$500,000 C. y which they themselves offered and agreed to pay.

The President of the Republic, in a very diplomatic way, answered him that he would be very glad to consider his wishes, but that he would transcribe this to the corresponding party, which in this case was the Sub-Secretaria of Aviation. It appears that the President spoke to Merino, being Mr. Bunge went on Tuesday to request the former to receive him, but the Sub-Secretary's answer was that he could not receive him until today at 5 o'clock. He was also advised to have everything prepared, as the Sub-Secretary could not dispose of more than five minutes to attend to him.

We know that Merino is very annoyed about this, and is going to put the cards on the table, that is to say they will either pay the amount contemplated in the contract or have to abandon going into Chile.

Yours very truly,

J. P. Grace &amp; Co. (Chile) S.A.

SIGNED: R. DAVIES

RD:FL

[fol. 2641]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT-148

COPY

June 18, 1930.

Honorable Walter F. Brown,  
The Postmaster General,  
Washington, D. C.

Dear Sir:

We refer to our several conversations in regard to the increase of service on route F.A.M. #9 to two trips per week.

The advertisement for contract F.A.M. No. 9 was issued on January 31, 1929. It provided that service should be on a basis of three times a week. We made our bid of \$1.80 per mile on the basis of three trips per week. We were aware, of course, that under the advertisement the Department reserved the right to increase or decrease the number of trips per week. But it was the general understanding on both sides that the number of trips specified in the advertisement was the number which the Department expected to place in operation within some reasonable period after the commencement of service upon the route, and never until very recently has there been any suggestion to the contrary. We believe that the Department has also had this understanding. In a statement issued by the President shortly after the award of this contract, it was stated: "In its initial stages services will be three times a week." Again the Department wrote us under date of October 1, 1929, in response to our request that service upon the route be increased to the full number of trips specified in the contract, that:

"It is not practical at this time to permit the performance of *full service on this route* on account of the conditions of the appropriations."

thus indicating the Department's concurrence in the view that the contract was ultimately to be operated upon the



basis of three trips per week and explaining its inability so to operate the full service at the time *simply upon the ground that sufficient funds were not available.*

Therefore, it was our confident expectation that on July 1, 1930, when further funds were so made available, the number of trips on route F.A.M. No. 9 would immediately be increased to two trips per week at the contract rate. Since our bid had been made in the expectation that we would operate three round trips per week at the contract rate, it appeared to us that such an increase would simply be giving us part of what our contract contemplated.

[fol. 2642] The question, however, is not merely one of contractual rights, but of financial necessities. The operation of route F.A.M. No. 9 on the basis of one trip per week has resulted in a very large deficit to date. As a result of a year's experience in operating on the west coast of South America, we say in all sincerity that under present conditions, even with the assistance of revenue from passengers and other sources, that *net* income of \$1.50 per mile and operation of at least two trips per week are essential to the operation of route F.A.M. No. 9.

Proof of this position is furnished by information which has been given us in confidence by the powerful French and German government subsidized companies with which we compete in South America. The Compagnie Generale Aeropostale operates down the east coast from Natal, Brazil to Buenos Aires, Argentina, and then over the Andes to Santiago, Chile. It is shortly to inaugurate service along the north and west coasts of South America and has recently negotiated a contract to carry Chilean mails directly to the United States. It receives long term subsidies from the French Government of from \$30 to \$35 more per mile than Pan American Grace Airways receives under the United States postal contract. In addition it retains all revenues derived from the transportation of mails in both directions between Europe and South America and from countries in South America, whereas Pan American Grace Airways is obliged to carry all mails to or from the United States. Notwithstanding this great assistance the Aeropostale showed a loss from operations for the year 1929.

An official of the Aeropostale has stated that the cost of operating an international air transport service in South America with French equipment and under the supervision of French personnel could not be less than \$2.50 per mile. Furthermore, an officer of the German Luft Hansa recently stated that the actual cost of the operations being conducted by its subsidiary Konder do Brasil, on the east coast of South America using German equipment, cheaper also than equipment produced in the United States, was over \$2.30 per ship mile. We have obtained confidentially data authenticating the above figures which we shall be glad to show the Department if desired.

Not only is the government subvention being received by the German and French companies in South America very much greater than that received by Pan American Grace Airways, Inc., but also we wish to point out that the total cost to the United States of conducting equivalent service in the *Domestic* Field is higher than that rendered by ourselves at the rate of \$1.80 per mile. In the Domestic Air Mail service the contractors are furnished their airways by the Government itself. Our contract requires us to provide our own arrangements covering airports, intermediate [fol. 2643] fields, lighthouses, radio stations and other aids to navigation.

Under the formula adopted by the Post Office Department under the terms of the Watres Act the direct cost to the Department would be as follows:

Base Rate	\$ .75
Terrain	.02
Fog	.02 1/2
Two-way radio	.06
Passenger capacity—	
average 8 passengers	.03
Multi-motor operations	.13

\$1.01 1/2

To this should be added the amounts contributed by other Departments of the Government and which are ear-marked

as direct appropriation covering the maintenance of airways and air navigation facilities supplied to the contractors carrying mails over domestic lines.

The appropriation for the fiscal year beginning July 1, 1930, to be expended by the Department of Commerce only on airways, amounts to \$7,944,000. Of this amount \$4,400,000 is to be used to maintain existing lighting, radio, and other aids to aerial navigation. At the present time approximately 30,000 miles of airways are being maintained. 5,500 miles are receiving teletype service; 10,500 miles receive radio service, and 13,500 miles are lighted.

Disregarding entirely the interest on invested capital, the annual costs of supplying each of these kinds of service per mile of airway is:

For Teletype service	\$70.00 per mile
For lighting and other direct airway maintenance	125.00 " "
For maintenance of radio facilities	210.00 " "
<b>Total</b>	<b>\$405.00 per mile</b>

Applying the above costs to an average mile of airway in the foreign field, and discounting entirely the additional costs of maintaining such facilities in the foreign field, the cost of all such facilities on a route operated only two round trips per week would exceed \$1.94 per ship mile. Thus, if in the foreign field airways were to be supplied by the United States Government instead of by the contractor, as is required in Contract F.A.M. No. 9, and using the rates (fol. 2644) and formulae under the recently enacted Watres Act, the cost to the Government for tri motor service would total \$2.96 1/2 per mile.

A factor must then be applied to cover other additional expenses incurred through operating in the foreign field. Among such expenses are, at least, incidental to obtaining concessions and operating rights; the costs of clearing aircraft and flying crews; foreign salary allowances; the higher costs of fuel and, finally, the absence of virtually free municipal airports which are usually available in the

United States, and the costs of transporting equipment and personnel to foreign countries.

All operating experience to date in the foreign field indicates that the additional cost incidental to such operation as stated above amounts to at least 40c per ship mile. Adding this to the previous figure, we arrive at a total cost per mile, using domestic operation as an index, of \$3.36<sup>1</sup>/<sub>2</sub>. Even this figure fails to take into account that Route No. F.A.M. 9 is, for the present, to be operated only twice a week, whereas the domestic air mail routes, to which the Department's formula applies, are operated daily.

Even at \$1.80 per mile it is obviously impossible to arrange for all aids to navigation which the Government deems necessary in the Domestic Service. Such facilities could only be provided over a long period of years with the gradual increase of outside revenue.

We therefore submit, both because of what was in the contemplation of the Department and ourselves at the time contract No. F.A.M. 9 was advertised, and because the route cannot be operated for less than \$1.80 per mile or for fewer than two trips per week, the service should be increased to at least two trips per week without our being asked to accept any reduction in our pay.

Respectfully,

PAN AMERICAN-GRACE AIRWAYS, INC.,

By:

[fol. 2645]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 149

COPY

On July 22, 1930, Mr. Trippe and I called upon the Postmaster General about 9:40 A.M.

Mr. Trippe explained to him that the negotiations between the Aviation Corporation of the Americas and the New York Rio and Buenos Aires Lines, Inc. were progress-

ing satisfactorily, but that the attorneys for the Aviation Corporation of the Americas were very much concerned as to whether or not a sale by the New York Rio and Buenos Aires Lines, Inc. of all its assets to the Aviation Corporation of the Americas and its subsidiaries, would constitute a violation of either the Sherman Act or the Clayton Act. He also stated that counsel for the Aviation Corporation of the Americas, as well as counsel for the New York Rio and Buenos Aires Lines, had raised the question as to whether the transaction would also violate the postal laws prohibiting combinations or agreements in restraint of bidding on postal contracts.

Postmaster General Brown stated that, in his opinion, the proposed transaction would not be a violation of either the Sherman Act or the Clayton Act, and that as far as the postal statutes were concerned, he had stated, to Mr. MacCracken prior to the time that Mr. Trippe and I had personally agreed upon the basis for a deal, that unless the deal was made he would not advertise the route from Paramaribo to Santos, or any East Coast route, because of the difficulties growing out of the difference between the rates charged by the Government contractor on northbound mail, and the rates charged by the New York Rio and Buenos Aires Lines. He said he had not told Mr. Trippe this before, because he did not want to put the New York Rio and Buenos Aires Line at any disadvantage in the negotiations, but now that he and I had agreed upon the terms of the trade, he saw no objection to restating the position of the Post Office Department in this regard to both of us.

He also stated that as far as the Sherman and Clayton Acts were concerned, we could not hope to continue competition unless both of us had a subsidy, and it was definitely the policy of the Post Office Department not to subsidize two companies in the South American field. He said he would discuss the matter with the Attorney General, telling him that he, the Postmaster General, had been very active in attempting to bring about an agreement between the two companies because he felt the best interests of the Government could be served thereby, and that he would suggest

to him that the Attorney General might write a letter to the Postmaster General stating whether or not by his activity in bringing about the contemplated agreement, he was putting the companies into a position which might later be grounds for attack by the Department of Justice or other Governmental officials, and he would let us know the outcome of this discussion. He stated that to his mind it was perfectly clear that it was to the best advantage of the Government, as well as the companies, that the transaction be carried out.

(Signed) J. P. MacCracken, Jr.

I have read the foregoing statement this twenty-second day of July, nineteen thirty, and it correctly states my recollection of what transpired at the interview that Mr. MacCracken and I had with the Postmaster General on this date.

(Signed) J. T. Trippe.

[fol. 2646]

PAN AMERICA'S WORLD AIRWAYS, INC. EXHIBIT 150

MEMORANDUM IN REGARD TO THE PROPOSED  
ACQUISITION BY AVIATION CORPORATION OF  
THE AMERICAS OF THE ASSETS OF NEW YORK,  
RIO & BUENOS AIRES LINE, INC.

Dated, July 28, 1930.

[fol. 2647]

MEMORANDUM IN REGARD TO THE PROPOSED  
ACQUISITION BY AVIATION CORPORATION OF  
THE AMERICAS OF THE ASSETS OF NEW YORK,  
RIO & BUENOS AIRES LINE, INC.

*I. Corporate Structure of the Companies and Outline  
of Proposed Acquisition.*

Aviation Corporation of the Americas is a Delaware corporation. It was organized on June 26, 1928. Its Authorized capital stock consists of 1,000,000 shares of a single class and without par value, of which, on June 30, 1930,

373,190 shares were issued and outstanding. A balance sheet of Aviation Corporation of the Americas as of June 30, 1930, and an income account for the six months ending June 30, 1930, are annexed hereto, marked Exhibit A.

Aviation Corporation of the Americas is exclusively a holding company and conducts no operations itself. It owns all the stock of Pan American Airways, Inc., a New York corporation, and Compania Mexicana de Aviacion, S. A., a Mexican corporation, and fifty per cent. of the stock of Pan American Grace Airways, Inc., a Delaware corporation, which are operating companies. In this memorandum, Aviation Corporation of the Americas is sometimes referred to as Aviation and the three operating companies [fol. 2648] above mentioned are sometimes referred to as the Pan American Airways system.

New York, Rio and Buenos Aires Line, Inc. (hereinafter referred to as Nyrbal), is a Delaware corporation. It was organized on April 17, 1929. Its authorized capital stock consists of 750,000 shares of a single class and without par value, of which, on May 31, 1930, 386,600 shares were issued and outstanding. A balance sheet of Nyrbal as of May 31, 1930, and an income account for the five months ending May 31, 1930, are annexed hereto, marked Exhibit B.

Nyrbal conducts certain of its operations itself and conducts other operations through its wholly owned subsidiaries, Trimotor Safety Airways, Inc., a Delaware corporation, which operates only in Argentina and Uruguay, and Nyrbal de Brasil, S. A., a Brazilian corporation, which operates only in Brazil.

It is proposed that Aviation should purchase substantially all the assets of Nyrbal, paying for such assets either wholly in stock of Aviation or partly in such stock and partly in cash. It has not been determined whether the stock of the subsidiaries of Nyrbal or the assets thereof, or both, should be transferred. Any assets acquired, other than stock of the subsidiaries of Nyrbal, would be transferred [fol. 2649] to Pan American Airways, Inc., an existing wholly owned subsidiary of Aviation. If the stock of



any of the subsidiaries of Nyrba should be acquired, such stock would probably be held by Aviation Corporation of the Americas itself.

## *II. Development of the United States Foreign Air Mail System and of the Air Mail Routes of the Pan American Airways System.*

Pan American Airways, Inc. shortly after its organization, entered into a contract with the United States for the transportation of United States mail from Florida to Cuba upon a poundage basis, and also entered into a contract with Cuba for the transportation of Cuban air mail to Florida. Operations between Key West and Havana were inaugurated on October 19, 1927.

On March 8, 1928, Congress enacted a statute authorizing the Postmaster General to contract for the transportation of United States mail by air to foreign countries and to pay the contractor upon a mileage basis. Shortly thereafter Aviation Corporation of the Americas was organized and acquired all the stock of Pan American Airways, Inc., and the stock of Aviation was widely distributed. In the course of the next year Pan American Airways, Inc. entered into the following contracts with the United States for the transportation of its air mail to Latin America:

[fol. 2650] (1) Contract No. 4, May 29, 1928, for five years, from Key West, Florida, (later changed to Miami, Florida) to Havana, Cuba. This contract superseded the contract above referred to).

(2) Contract No. 5, July 13, 1928, for ten years, from Miami, Florida via Havana, Cuba, Belize, British Honduras and points in Honduras, San Salvador, Nicaragua and Costa Rica to the Canal Zone, with an option to extend the service along the north coast of South America via Port of Spain, Trinidad, as far east as Paramaribo, Dutch Guiana.

(3) Contract No. 6, July 13, 1928, for ten years, from Miami, Florida, via Havana, Cuba, Port au Prince, Haiti and Santo Domingo, Dominican Republic, to San

Juan, Porto Rico, with an option to extend the service via the Windward and Leeward Islands to Port of Spain, Trinidad.

(4) Contract No. 7, October 24, 1928, for ten years, from Miami, Florida to Nassau, Bahamas Islands.

(5) Contract No. 8, February 16, 1929, for ten years, from Brownsville, Texas to Mexico City, Mexico or Vera Cruz, Mexico, with an option to extend the service southward into Central America.

The routes covered by these contracts are indicated on the map filed herewith. Operations are being conducted on all these routes.

While the Act of March 8, 1928 had authorized the making of contracts for the transportation of United States mails to foreign countries upon a mileage basis of not to exceed \$2 per mile, it did not permit the Post Office Department to pay the contractor for transporting mails from foreign countries to the United States. In this respect the Act followed the general precedent in international mail service [fol. 2651] whereby each country makes arrangements for its own outgoing mails and has no concern with the arrangements for return mails from foreign countries. However, it soon developed that if American air transport lines were paid by the United States Government not in excess of \$2 per mile for transportation of the mails outward bound and were forced to rely entirely on receipts from foreign countries for the return flights, their revenues would not be sufficient to permit the continuance of service. (See 70th Cong. 2d Sess., Senate Report No. 1599 and House Report No. 2330). If the air mail service was to be continued, the Government was therefore obliged either to raise the maximum mileage rate of \$2 per mile set in the Act of March 8, 1928, or to authorize payment of the contractor for the return flight as well as for the outward flight. The latter alternative was chosen and, on March 2, 1929, Congress passed the so-called Kelly Act which amended the Act of March 8, 1928, so as to provide for round trip payment. The Foreign Air Mail Act, as it now stands, will be found in the United States Code, Title 39, Section 465-a.

Prior to the passage of the Act of March 2, 1929, the Post Office Department had issued an advertisement for bids for a contract to be awarded under the provisions of the amended statute, for service for a ten year period from the Canal Zone down the west coast of South America to Santiago, Chile, and return, with an option to extend the [fol. 2652] route over the Andes to Buenos Aires, Argentina, and Montevideo, Uruguay. To facilitate the operation of such a route, Aviation Corporation of the Americas joined with W. R. Grace & Co. in organizing Pan American-Grace Airways, Inc., each of the parent corporations owning 50% of the stock. On March 4, 1929, Contract No. 9, covering the route described in the advertisement, was awarded to Pan American-Grace Airways, Inc.

The Act of March 2, 1929 had been framed upon the theory that the Post Office Department would make arrangements with foreign countries whereby such countries would pay the Department for the transportation of their mails to the United States by the United States contractor. It developed, however, that by far the greater number of foreign countries were unwilling to make any such arrangements with the Post Office Department, preferring to make their arrangements directly with the contractor as in the case of other international mails. Since it was obviously advantageous that mails of foreign countries should be carried on these return flights, and since, equally obviously, the contractor, who was already being paid by the United States, could not be permitted to retain the revenue received [fol. 2653] from foreign countries for the transportation of their mails to the United States, the contractor and the Post Office Department agreed that the Department should make a deduction from the pay of the contractor on account of each pound of mail carried to the United States or its possessions or territories from foreign countries making payments directly to the contractor. This deduction was not to be on the basis of the amount actually received by the contractor from the foreign country, but on the basis of the rate fixed by the Post Office Department per pound for transportation of mails outward bound. Since the contractor cannot afford to charge a rate to foreign countries lower

than this Post Office rate, and since the agreements of the contractor with the Post Office Department provide that the contractor will not procure the fixing of a rate more than 25% in excess of the rate charged by the Post Office Department outward bound, the Post Office Department has practically complete control of the rates on return mail.

The Act of March 2, 1929 contained provisions empowering the Postmaster General to amend contracts let under the Act of March 8, 1928, so as to bring them under the broader powers conferred by the new statute. In pursuance of this authority and in compliance with the terms of the [fol. 2654] contracts, Contracts Nos. 5, 6 and 8 were extended and amended. As a result of these changes, Contract No. 5 extends to Paramaribo, Dutch Guiana (the Post Office Department, however, having ordered a suspension of service between Puerto Cabello, Venezuela and Port of Spain, Trinidad); Contract No. 6 extends to Port of Spain, Trinidad, where it connects with Contract No. 5; and Contract No. 8 extends to San Salvador, where it connects with Contract No. 5. Under all three contracts, the contractor is paid for transportation in both directions on the route but, in all cases where the contractor receives payment from foreign countries for the transportation of their mails to the United States, it is subject to a deduction from its pay at a rate per pound of such mail equal to the rate fixed by the Post Office Department for transportation outward bound. In order to speed up the service to the Canal Zone connecting with the service on Route No. 9, the Post Office Department has split Route No. 5 so that two trips per week connecting with the South American mail are performed by a direct flight from Havana to Puerto Cabezas, Nicaragua, and thence along the east coast of Central America to the Canal Zone, the remaining trips being performed over the route originally flown.

[fol. 2655] At the same time that the companies in the Pan American Airways System were entering into these United States air mail contracts, they were also making arrangements with foreign countries for the transportation of their mails. Appended hereto, marked Exhibit C, is a list of all such contracts, showing the names of the com-

panies holding the respective contracts, the respective dates on which they were secured, their respective dates of expiration, and the respective rates fixed for the transportation of air mail from such countries to the United States. All these contracts give the contractor right to carry international mails of the country concerned. In the case of countries which are marked with an asterisk, the contracts also permit the carrying of mail within such countries.

In addition to the routes of the Pan American Airways System operated under contract with the United States Government, Compania Mexicana de Aviacion operates a route from Vera Cruz, Mexico to Merida, Mexico, and since June 26, 1930, Pan American Airways has carried Brazilian mail from Rio de Janeiro, Brazil, to Paramaribo, Dutch Guiana, and intermediate points.

Mails of foreign countries destined to the United States are carried on all parts of the Pan American Airways System. Outgoing mails of the United States are carried on all parts of the system except the route between Vera Cruz and Merida, and south of Paramaribo. Passengers [fol. 2656] are carried on all parts of the system except on the direct service between Miami and the Canal Zone, and south of Mollendo, Peru, and Paramaribo, Dutch Guiana. No freight or express other than the baggage of passengers is carried on any of the lines of the Pan American Airways System.

#### III. *Development of the Lines of Nyrba.*

The pioneer work in the development of the Nyrba system was done by Trimotor Safety Airways, Inc., now a wholly owned subsidiary of Nyrba. This company on February 27, 1929, entered into a contract with the Government of Argentina for the transportation of its international air mail, for a term of ten years, and on May 16, 1929, entered into a contract with the Republic of Uruguay for the transportation of its international air mail for five years. Operations were begun between Montevideo, Uruguay, Buenos Aires, Argentina, and Santiago, Chile, in August, 1929. Service between Buenos Aires, Argentina, and Yacuiba, Bolivia, was begun in December, 1929. The line was gradually



pushed north along the east coast of South America through Rio de Janeiro, Brazil, up to Paramaribo, Dutch Guiana, and thence via the West Indies, Porto Rico and Cuba to Miami, Florida. Service to the United States was initiated in February, 1930. A list of all the contracts held by Nyrba and its subsidiaries with foreign governments for the transportation of their international mails, showing the names of [fol. 2657] the companies holding the respective contracts, the respective dates on which such contracts were secured, their respective dates of expiration, and the respective rates for the transportation of air mail from such country to the United States, is attached hereto, marked Exhibit D.

Nyrba does not carry any United States mail. It carries return mails to the United States only on its main line from Buenos Aires to Miami, which is shown on the map filed herewith. It carries passengers on all its lines. It also carries a negligible amount of express and freight.

#### IV. *Projected East Coast Mail Contract.*

For some time past business men have desired the establishment of an air mail service from the present terminus of the United States mail route at Paramaribo, Dutch Guiana, down the east coast of South America to Rio de Janeiro and Santos (or Rio Grande do Sul), Brazil. The establishment of such a line would round out this country's foreign air mail service in Latin America. Funds sufficient to permit contracting for such a service were approved at [fol. 2658] the last session of Congress. Immediately upon such appropriation being made, the Post Office Department undertook a study of the situation in regard to such a contract.

The rate charged by the Post Office Department for the transportation of air mail from the United States to Argentina and Uruguay via the west coast of South America is \$22.50 per pound. The rates to other countries are in line with this scale, the rate to Chile being \$20.00 per pound and the rate to Peru being \$16.00 per pound. It was contemplated that this same scale of rates should be applied to return mails from the South American countries to the

United States. The Post Office Department arrived at this scale after a study of the operating costs and rates of the French and German air transport companies operating air mail service in South America. Officials of the Post Office Department have stated that they aimed to establish the rates on such a basis that, with the expected growth in the volume of air mail from South America to the United States, the amounts received from foreign countries would soon reach a figure sufficient to reimburse the Post Office Department for its mileage payments to the United States postal contractor on the return flight.

[fol. 2659] Nyrba, however, had entered into contracts with the Governments of Argentina and Uruguay to transport their airmails to the United States at the rate of approximately \$10.00 per pound, and had also entered into a contract with the Government of Brazil to transport its air mail to the United States at the rate of approximately \$8.80 per pound. If Nyrba should be awarded the proposed east coast contract, it would be difficult for the Post Office Department to make an explanation satisfactory to the Argentine Government why the west coast contractor (Pan American-Grace Airways) was required to charge at the rate of \$22.50 per pound for transporting air mail to the United States, whereas the east coast contractor (Nyrba) charged only \$10.00 per pound. It would likewise be difficult for the Post Office Department to make an explanation satisfactory to the Government of Peru why it was being charged at the rate of \$16.00 per pound, whereas Brazil, situated at an approximately equal distance from the United States, was paying only approximately \$8.80 [fol. 2660] per pound. If, on the other hand, the east coast contract should be awarded to Pan American Airways, the contractor would be subject to competition on the part of Nyrba, carrying northbound mail at lower rates. The Post Office Department would thus be deprived of part of the revenue which it would otherwise secure from air mail originating in countries along and beyond the proposed east coast route.

The Post Office Department was therefore faced with the problem of taking steps to protect its own interest in the



carriage of mails of South American countries to the United States. In order to protect this interest, the Postmaster General made known to representatives of Nyrba that he would not advertise for bids for the east-coast contract unless arrangements were made for the union of the businesses of Nyrba and the Pan American Airways System, and he suggested to representatives of both Nyrba and Aviation that they should consolidate their lines. It was in accordance with this suggestion of the Postmaster General that representatives of Nyrba and Aviation reached an agreement as to the purchase by Aviation of the assets of Nyrba.

[fol. 2661+ V. *Competition between the Pan American Airways System and Nyrba.*

Both Pan American Airways and Nyrba operate from Miami, Florida, via Havana, Cuba, San Juan, Porto Rico, and the West Indies to Paramaribo, Dutch Guiana. However, all of the outgoing mails along this line are and necessarily will be carried by Pan American Airways, Inc., by virtue of its contracts with the United States. The bulk of the return mail (including all the Cuban mail) is carried by Pan American Airways, only 112 pounds having been carried by Nyrba to the United States up to July 12, 1930. Pan American Airways carries no express or freight. Competition is thus practically confined to the carriage of passengers.

Except for the service between Miami and Havana, the passenger traffic between the United States and countries along the route from Miami to Paramaribo is not of moment. During the six months ending June 30, 1930, the number of passengers carried to and from the United States along this route and the revenue received by Pan American Airways from such transportation, were as follows:

[fol. 2662]

## PAN AMERICAN AIRWAYS

Between	Number of Passengers carried	Amount Received including receipts from excess baggage
Miami and Havana .....	3,131	\$141,565.37
Miami and all other points .....	129	20,066.32
Total .....	3,260	\$161,631.69

The revenues from the Miami-Havana passenger traffic constituted 19% of the total passenger receipts and 4.5% of the gross revenues of the Pan American Airways System. The revenues from passenger traffic between Miami and other points on the route constituted 3% of the passenger revenues and 0.7% of the total revenues of the Pan American Airways System.

The number of passengers carried by Nyrba from the beginning of its service through July 12, 1930, between the United States and foreign countries on the route Miami-Paramaribo are as follows:

## N Y R B A

Between	Number of Passengers Carried
Miami and Havana .....	904
Miami and all other points .....	18
Total .....	922

Figures showing the proportion of this passenger traffic to the total passenger traffic and figures showing the passenger receipts from this traffic and the proportion which this bears to the total revenues of Nyrba are not available.

[fol. 2663] In this entire area, and particularly between Miami and Havana, Pan American Airways and Nyrba are subject to intense competition on the part of steamship lines. Attached hereto, marked Exhibit E, are figures

showing the number of sailings and the number of passengers carried between the United States and countries on the route Miami-Paramaribo in the calendar year 1929, compiled from Department of Commerce figures and data furnished by steamship lines, together with a list of the steamship lines reaching the various ports. It appears from this exhibit that the number of passengers traveling by air constitute only 4% of the total between the United States and Havana, and 0.5% of the total between the United States and other points in this area.\*

The distance between Florida and Havana is so small that the service of the steamship lines is directly competitive with that of Pan American Airways and Nyrba. Since the fast trains from the north arrive at Miami in the early morning hours, no time is gained by departing from that point rather than Key West. The passenger traveling by air arrives at Havana at 11 A.M. and the passenger coming [fol. 2664] by boat at 4 P.M. On the return trip the boat traveler leaves in the morning and the airplane traveler in the afternoon, but both proceed north by the same train. The Peninsular & Occidental S.S. Co., operating between Key West and Havana, carries some 90,000 passengers per year, as compared to approximately 4035 in the first six months of 1930 (when the bulk of the traffic occurs) for Pan American Airways and Nyrba combined.

Nyrba serves the east coast of South America between Paramaribo, Dutch Guiana, and Rio de Janeiro, Brazil, carrying passengers, freight and local and northbound mail. On June 26, 1930, Pan American Airways secured a contract from the Brazilian Government for the carrying of local and international mail. Pan American Airways began the carrying of Brazilian mail north on June 26, 1930 and has made three trips since that time. The purpose of ob-

---

\* This computation is made on the assumption that the number of passengers carried by the steamship lines in the first six months of 1930 was half the total for 1929. It is well known, however, that, especially in the case of Havana, much more than half of the traffic is in the first six months of the year.

taining this Brazilian mail contract was to enable Pan American to qualify for a United States mail contract to Brazil, and no passengers or freight are carried. This line is now being operated by Pan American Airways at a loss which it is estimated will exceed \$40,000 per month. Nyrba's losses for its operations between Paramaribo and Rio de Janeiro exceed \$30,000 per month. It is obvious, therefore, that unless a United States mail contract is secured, the lines between Paramaribo and Rio can be operated only at severe financial losses.

[fol. 2665] The Pan American Airways System conducts no operations between Rio de Janeiro, Brazil and Montevideo, Uruguay. In this area Nyrba carries passengers, freight, and northbound and local mails.

Both the Pan American Airways System (partly by means of Pan American-Grace Airways, Inc., fifty per cent. of the stock of which is owned by W. R. Grace & Co. and fifty per cent. by Aviation Corporation of the Americas) and Nyrba are engaged in transportation between Argentina and Uruguay and the United States, Nyrba operating up the east coast of South America and the Pan American Airways System operating over the Andes and thence up the west coast of South America. However, there is no competition as to passenger business since Pan American-Grace Airways does not carry passengers south of Molendo, Peru. All of the outgoing United States mail is necessarily handled by the Pan American Airways System under its United States Government contracts. The only possible competition on this route, therefore, is as regards mail from Argentina and Uruguay to the United States. However, under its arrangements with the Post Office Department, Pan American-Grace Airways is obliged to credit the Post Office Department on account of all such mail carried by it to the United States. Thus Pan American-Grace Airways is in substance acting for the United States Government in carrying such mail, and the competition is really [fol. 2666] not between Nyrba and the Pan American Airways System, but between Nyrba and the United States Government. Since there is no competition for passenger

business between Argentina and Uruguay and the United States, and since the competition as to return mails is in substance between Nyrba and the United States Government, it is believed that the decision in *United States v. Southern Pacific Co.* 259 U.S. 214, does not apply.

Pan American Grace Airways and Nyrba operate between Buenos Aires, Argentina, and Santiago, Chile. However, since Nyrba's mail contract with Chile does not permit the carriage of Chilean air mail beyond Argentina, Nyrba does not compete with Pan American Grace Airways for the transportation of Chilean mail to the United States. There is likewise no competition as to passenger business, since Pan American Grace Airways does not carry passengers south of Mollendo, Peru.

The following table shows the sources of revenue of the Pan American Airways System for the six months ending June 30, 1930:

[fol. 2667]

	Pan American Airways	Continental Mexican Airlines	Pan American Grace Airways	Total or Average
United States Mail Revenue*	\$1,479,170.00	\$263,440.00	\$416,921.40	\$2,159,531.40
Amount retained from mail pay- ments of for- eign govern- ments	35,351.37	74,270.47	18,088.67	127,710.51
Total mail revenue	\$1,514,521.37	\$337,710.47	\$435,010.07	\$2,287,241.91
Passenger revenue	450,216.42	209,443.13	58,170.59	717,830.14
All other revenue	63,427.01	34,823.00	22,922.86	121,172.87
Total revenue	<u>\$2,028,164.80</u>	<u>\$581,976.60</u>	<u>\$516,103.52</u>	<u>\$3,126,244.92</u>
Mail revenue per airplane mile**	\$1.40	\$0.62	\$1.20	\$1.15
Total revenue per airplane mile	\$1.87	\$1.09	\$1.43	\$1.58
Per cent. mail to total reve- nue per air- plane mile	75%	58%	84%	73%

\* This figure is not the amount actually paid by the United States but the amount payable before deductions from the pay of the contractor on account of mails of foreign governments carried by it to the United States under arrangements whereby it receives payment from such governments.

\*\* Airplane mile includes not only miles flown on revenue mail flights but also ferry flights, flights necessary for repairs, etc. The total airplane miles exceed the total miles flown on revenue mail flights by approximately 10%.



[fol. 2668] On Division F of the Pan American Airways System, of which the route Miami-Paramaribo forms a major part, operating costs amounted to \$2.17 per airplane mile (as compared to approximately \$2.50 per mile for the lines of the French Aeropostale and \$2.30 per mile for the lines of the German Lufthansa in South America). In spite of mail revenue of \$1.47 per airplane mile, operations were conducted at a loss of 21.2 cents per airplane mile. On the same route Nyrba's operating revenue was only \$0.37 per airplane mile and its costs \$2.34 per airplane mile, leaving a loss of \$1.97 per airplane mile.

The income account of the Pan American Airways System shows an operating loss of nearly \$600,000 in the first six months of 1930, in spite of receipts of \$2,159,531.40 from United States Government contracts. It is expected that the loss for the second six months of 1930 will not be as large. Nyrba, which does not have any United States Government contract, is suffering an operating loss in excess of \$100,000 per month. Even if the United States air mail contract between Paramaribo and Rio de Janeiro should be awarded to Nyrba, it would still be faced with the certainty of losses on much of its line. In the first place, the economic value of the contract to Nyrba would be greatly [fol. 2669] lessened by the fact that, in line with the policy pursued in the case of other foreign mail contracts, the Post Office Department would make a deduction on account of Argentine and Uruguay mail at its own rate of \$22.50 per pound, although Nyrba received only \$10 per pound from the foreign governments, and would make deductions on a similar scale in the case of Brazilian mail. Even if the situation created by the low rates fixed in Nyrba's contracts with Argentina and other South American countries could be corrected, Nyrba, as the United States postal contractor, would be required to turn over the South American mail at Paramaribo to the United States postal contractor from Miami to that point and would be subject to a deduction on account of mails carried from the West Indies to the United States in competition with the United States Post Office. Thus Nyrba would be attempting to operate the entire line from Miami to Buenos Aires although receiving



postal revenues only for the portion of its line between Paramaribo and Santos, which is less than half the total mileage. As already stated, Pan American Airways, although receiving mail revenue of approximately \$1.47 per airplane mile on the portion of its route between Miami and Paramaribo, is suffering a loss of 21.2 cents per airplane mile. The continued operation of this route by Nyrba, re-[fol. 2670] lying exclusively on passenger revenues, would appear to be impossible.

Only 23.7% of the capital of the Pan American Airways System and only 34.5% of the capital of Nyrba is invested in the route between Miami and Paramaribo. The bulk of the capital of the Pan American Airways System is invested on the routes leading to Mexico, Central America and the Canal Zone. Sixty-five and a half per cent of the capital of Nyrba is invested in Brazil, Uruguay, Argentina, and Chile, where the investments of the Pan American Airways System are small.

It is believed that the union of Nyrba and the Pan American Airways System presents advantages not only to the Post Office Department but to other branches of the Government. England, France and Germany have each adopted the policy of giving all their support, diplomatic, financial and military, to a single aviation company operating in the international field. The French Aeropostale and the German Lufthansa (operating through a Brazilian company known as Kondor do Brasil) are already engaged in operations in South America in competition with the Pan American Airways System and with Nyrba. The State Department naturally desires to have its representatives give all possible aid to an American company against its foreign rivals. It would be able to assist more effectively if there were only a single American company in the field. The Department of Commerce is concerned lest American pres-[fol. 2671] tige in South America should be lowered by the failure of one of the two lines. The War Department and the Navy Department are greatly interested in the building up of a powerful American international air transport system with well trained crews and modern equipment.

It is believed that officials of the four departments above named, if asked by the Department of Justice, would state that, in their opinion, the proposed union of Nyrba and the Pan American Airways System would be in the public interest.

#### VI. *Summary.*

The situation here discussed is in many respects unique. The industry concerned is not an old established one but a new one which is still in an experimental stage. The Pan American Airways System and Nyrba are in competition only in regard to a comparatively insignificant amount of passenger traffic in an area which is abundantly served by steamship lines, and in regard to the transportation of certain foreign mails to the United States. Under the ordinary practice in international mail service, these mails would be carried wholly under contracts between the respective foreign governments and the private contractor, and the United States would have no concern with them. It is submitted that the anti-trust laws have no application to [fol. 2672] the business of transporting mails from a foreign nation into the United States, the foreign government being the only party really concerned. Moreover, the effect of the Act of March 2, 1929, was to place the United States itself in the business of transporting mails of foreign countries to the United States. Under the system which has been developed, whereby the United States Post Office Department benefits directly from foreign mails brought to the United States by its contractors, competition with such a contractor for the carriage of return mails is in substance competition with the United States itself.

Furthermore, it appears that, whether or not the proposed acquisition occurs, there is almost no possibility of continued competition between these two lines. The Pan American Airways System, even with revenue of \$2,159,531.40 from United States Government mail contracts in the first six months of 1930, has not yet been able to earn an operating profit. Nyrba, which has established an excellent plant along the east coast of South America, is apparently faced with the prospect of exhausting its present

capital within a few months. Thus it appears that what little competition may now exist between the lines may shortly disappear, and that any potential competition which might otherwise be thought to exist is not likely to materialize. It is submitted, that under these circumstances, there is nothing in the anti-trust laws which requires that the stockholders of Nyrba be forced to await the complete exhaustion of its capital before disposing of its assets to the only other party which is able to make effective utilization of them. As pointed out above, such immediate utilization will facilitate the objects of the Government in the development of the foreign air mail service.

July 28, 1930.

[Vol. 2674]

## AVIATION CORPORATION OF THE AMERICAS

## Profit and Loss

January 1 to June 30, 1930.

Income from Operations, January 1 to June 30, 1930	\$2,616,841.47
Less - Operating Expenses, including Salaries, Maintenance, Depreciation and Taxes	<u>3,089,429.34</u>
Loss from Operations	472,198.87
Extension and Development	162,375.19
Surplus Adjustments	<u>9,794.69</u>
Deficit, January 1 to June 30, 1930	\$ 645,369.95
Deficit January 1, 1930	<u>513,041.26</u>
Deficit June 30, 1930	\$1,158,408.51

Includes Pan American Airways, Inc. and Compania Mexicana de Aviacion, S.A., but does not include Pan American Grace Airways, Inc. That company showed a deficit on January 1, 1930, of \$125,800. Since January 1, 1930, it has incurred operating losses of \$11,100. In addition to liabilities to M. A. Grace & Co. for use of the Grace agencies on the west coast of South America, and to Pan American Airways, Inc. for its share in Pan American's overhead. Payment of the latter liability would decrease the deficit shown above for Aviation Corporation of the Americas.

**EXHIBIT A.**  
**AVIATION CORPORATION OF THE AMERICAS**  
**CONSOLIDATED BALANCE SHEET - JUNE 30, 1930.**

<u>ASSETS</u>		<u>LIABILITIES</u>	
<u>CURRENT ASSETS</u>		<u>CURRENT LIABILITIES</u>	
Cash	\$185,788.80	Miscellaneous Creditors	\$443,771.80
Accounts Receivable		Accrued Expenses	<u>17,077.88</u>
Mail Postage	548,886.28		<u>560,849.68</u>
Pan Amer.-Grace Airways	63,848.07		
Airport Management, Inc.	10,882.17	<u>LIABILITIES</u>	
Miscellaneous	87,287.99	Depreciation & Obsolescence:	
	<u>311,227.11</u>	Airplanes	\$10,848.93
Materials & Supplies	209,218.04	Engines	483,848.31
Prepaid Expenses		Equipment	187,714.80
Insurance	80,780.29	Amortization - Extension	
Advances to Employees	87,880.70	and Development	<u>24,882.82</u>
Operating Funds	63,287.86		<u>1,422,292.86</u>
Deposits, etc.	18,788.00		
	<u>322,601.85</u>	Surplus Reserves:	
Performance Bonds	88,418.88	Damage to Aircraft	282,481.21
		Contingencies	<u>80,000.00</u>
			<u>362,481.21</u>
<b>TOTAL CURRENT ASSETS</b>	<b>1,878,138.09</b>		
<u>INVESTMENTS</u>		<u>NET WORTH</u>	
Pan Amer.-Grace Airways	\$800,000.00	Capital Stock:	
Columbian Am. Avia. Co.	2.00	Authorized	1,000,000
Miscellaneous	879,000.00	Reserved-Warrants	181,848
	<u>1,679,002.00</u>	Issued	<u>828,152</u>
<u>GOODWILL &amp; DEVELOPMENT</u>	<u>643,287.93</u>		<u>8,728,608.08</u>
<u>FIXED ASSETS</u>		Deficit	<u>1,188,408.81</u>
Airplanes	1,477,088.87		<u>8,578,199.27</u>
Engines	1,188,048.77		
Contracts for Airplanes	34,080.00		
Hangars, Stations,			
Airports	1,788,808.88		
Other Equipment	<u>808,188.08</u>		
	<u>3,976,127.91</u>		
	<b>\$7,888,481.83</b>		<b>\$7,888,481.83</b>

This balance sheet includes Pan American-Airways, Inc. and Compania Mexicana de Aviacion, S.A., but not Pan American-Grace Airways, Inc. which is carried as an investment. The balance sheet should be adjusted to show indebtedness of \$40,000 from Pan American-Grace Airways for its share of overhead. This adjustment would decrease the deficit appearing on this balance sheet.

THE UNIVERSITY OF CHICAGO

1947-1948

27th AUGUST 1952

١٠٠٠

CALIF. STATE  
1300639 shares  
N. F. V. Co. 6,833,637

Less Depreciation 1,289,771.00  
1,289,771.00

Purchase Contracts	80,928.17
Sell Contracts	31,008.4
Litigation "EIA Co."	78,808.00
Disbursements	78,187.2

192,207.00

Incorporation Fees	18,480.51
Expenses securing air mail	
Contracts	146,585.00
Administration charges 1929	27,946.70
Exploration and development	
- wages	348,700.77
Preliminary expenses and	
charges	845,734.30

**10.000.000.000**

**الوقت والمكان**

Do not include Bureau Airmen responsible for the death of any.

2740

[fol. 2677]

NEW YORK, RIO & EL PASO AIRLINE, INC.

CONSOLIDATED PROFIT & LOSS FOR YEAR 1934 TO MAY 31, 1935

REVENUE

Interest Received	\$ 2,708.84
Discount Received	1,436.00
Airplane Revenue	102,442.18
	\$ 114,586.82

EXPENSES

Division	126,823.08
Administration	84,627.40
Airplane Operating	96,822.38
Maintenance - Pilot Jobs	9,901.00
Salaries	106,344.86
Depreciation	137,118.98
Regional	10,277.38
Insurance	113,746.08
Traveling	13,168.91
Advertising	48,128.60
Legal	22,812.97
Director	3,837.00
Traffic Expense	3,837.00
Miscellaneous	17,612.16
	\$ 774,382.22

DEFICIT ..... \$ 660,497.84



[fol. 2678]

## EXHIBIT C.

SUMMARY OF INTERNATIONAL MAIL CONTRACTS  
OF THE PAN AMERICAN AIRWAYS SYSTEM WITH  
FOREIGN COUNTRIES.• *Argentina*

In name of: Pan American-Grace Airways, Inc., but contract provides that International mail may be transported by Pan American Airways, Inc., on establishing connection with Pan American-Grace Airways, Inc.

Contract Signed: October 12th, 1929.

Term: 10 years. May be renewed for 5 years more.

Rate to U. S.—\$32.50 per Lb. net. (New rate quoted of \$22.00 per Lb. gross not yet in effect.)

• *Brazil*

In name of: Pan American Airways, Inc.

Contract Signed: June 26th, 1930 (Date of Official Gazette).

Term: One year. Application pending for long term contract which is expected to be granted shortly.

Rate to U. S.—\$19.20 per Lb. net. (1.700 for each 5 gram unit, converted into U. S. Cy. at 8.500 to the dollar, on basis of 480 grams to Lb.)

• *Chile*

In name of: Pan American-Grace Airways, Inc.

Contract Signed: August 24th, 1929, modified April 5th, 1930.

Term: 2 years, with right to renew for further period of 2 years.

Rate to U. S.—\$20.00 per Lb. gross, paid directly to  
U. S. Post Office Department.

[fol. 2679]

*Costa Rica*

In name of: Pan American Airways, Inc.

Contract Signed: January 23rd, 1929.

Term: 10 years.

Rate to U. S.—\$8.00 per Lb. gross.

*Dominican Republic*

In name of: Pan American Airways, Inc.

Contract Signed: June 18th, 1930.

Term: 15 years from April 16th, 1929, which is date  
of signature of general mail and operating con-  
tract.

Rate to U. S.—\$4.00 per Lb. gross.

*\*Dutch Guiana*

In name of: Pan American Airways, Inc.

Contract Signed: March 1st, 1930.

Term: One year. May be renewed for one year more.

Rate to U. S.—\$12.00 per Lb. gross:

*\*Ecuador*

In name of: Pan American-Grace Airways, Inc.

Contract Signed: August 24th, 1929, supplementary to  
contract dated February 22nd, 1929.

Term: 20 years, with right to renew for further pe-  
riods of 10 years.

Rate to U. S.—Contract provides \$17.50 per Lb. net,  
but actual receipts are approximately \$12.00 per  
Lb. gross, which is to be rate under contract in  
process of negotiation.

[fol. 2680]

*Guatemala*

In name of: Pan American Airways, Inc.

Contract Signed: January 15th, 1930.

Term: One year from inauguration of service. (First flight was on December 25th, 1929, first mail carried was on January 1st, 1930.) May be renewed for one year.

Rate to U. S.—0.0265 quetzales per 2 gram unit, equivalent to \$6.00 per Lb. gross.

*Haiti*

In name of: Pan American Airways, Inc.

Contract Signed: February 24th, 1930.

Term: 20 years. No renewal clause, but Art. 16 states that this contract "shall have the same duration as the contract of February 22nd, 1929" which is renewable.

Rate to U. S.—\$4.00 per Lb. gross. (\$8.80 per Kilo.)

*Honduras*

In name of: Pan American Airways, Inc.

Contract Signed: February 1st, 1930.

Term: 3 years.

Rate to U. S.—\$6.00 per Lb. gross.

• *Mexico*

In name of: Compania Mexicana de Aviacion, S. A.

Contract Signed: A letter of July 1st, 1930, from Dr. G. Espinosa Mirales, attorney, of Mexico City, states that the contract has been put in operation since June 1st, 1930 and will be in effect until January 31st, 1932.

Term: 2 years (stated in contract). May be renewed for 2 years more.

Rate to U. S.—\$2.00 per Lb. gross.

[fol. 2681]

*Nicaragua*

In name of: Pan American Airways, Inc.

Contract Signed: May 8th, 1929.

Term: 10 years. (From March 19th, 1929.) No renewal clause.

Rate to U. S.—\$6.00 per Lb. gross.

*Panama*

In name of: Pan American Airways, Inc.

(Contract, as regards West Coast operation, transferred from Pan American Airways, Inc. to Pan American-Grace Airways, Inc., on December 6th, 1929, said transfer being approved by President of Panama on November 14th, 1929.)

Contract Signed: March 8th, 1929.

Contract (West Coast) Signed: May 29th, 1929.

Term: 25 years. (From date of first contract, the second being concurrent.) May be renewed for 25 years more.

Rate to U. S.—\$8.00 per Lb. gross.

• *Peru*

In name of: Pan American-Grace Airways, Inc.

Contract Signed: June 24th, 1928.

Term: 5 years, with right to renew for further period of 5 years.

Rate to U. S.—\$16.00 per Lb. gross, paid directly to U. S. Post Office Department.

*Salvador*

In name of: Pan American Airways, Inc.

Contract Signed: November 6th, 1929.

[fol. 2682] Term: 2 years from inauguration of service. (First flight was on December 25th, 1929, first mail carried was on January 1st, 1930.) No renewal clause.

Rate to U. S.—\$6.00 per Lb. gross. (\$13.25 per Kilo)

#### *\*Uruguay*

(1) In name of: Pan American-Grace Airways, Inc. (West Coast.)

Contract Signed: November 22nd, 1929.

Term: 4 years. May be renewed for like periods.

Rate to U. S.—\$24.00 per Lb. gross.

(2) In name of: Pan American Airways, Inc. (East Coast.)

Contract Signed: May 20th, 1930.

Term: 4 years. May be renewed for "like periods".

Rate to U. S.—about \$24.05 per Lb. gross (52.91 American gold per gross kilogram).

#### *Venezuela*

In name of: Pan American Airways, Inc.

Contract Signed: April 11th, 1930. (Approved May 8th, 1930.)

Term: 5 years from May 4th, 1930. May be renewed for 5 years more if certain construction work done, and also for an additional 5 year period.

Rate to U. S.—\$12.00 per Lb. gross. (127 Bolivares per Kilo, the bolivar being equivalent to \$0.193 U.S. Cy.)

[fol. 2683]

## EXHIBIT D.

SUMMARY OF INTERNATIONAL MAIL CONTRACTS  
OF NYRBA WITH FOREIGN COUNTRIES.*Argentina*

In name of: Trimotor Safety Airways, Inc.

Contract Signed: February 27th, 1929.

Term: 10 years.

Rate to U. S.—\$10.00 per Lb.

\**Brazil*

In name of: New York, Rio &amp; Buenos Aires Line, Inc.

Contract Signed: February 7th, 1930.

Term: Indefinite.

Rate to U. S.—\$8.80 per Lb.

*Chile*

In name of: Trimotor Safety Airways, Inc.

Contract Signed: September 1st, 1929.

Term: 10 years.

Rate to U. S.—Does not apply to U. S.

[fol. 2684]

*Uruguay*

In name of: Trimotor Safety Airways, Inc.

Contract Signed: ~~May 16th~~, 1929, with supplemental  
contract signed August 1929.

Term: 5 years.

Rate to U. S.—\$10.00 per Lb.

*Venezuela*

In name of: New York, Rio &amp; Buenos Aires Line, Inc.

Contract Signed: October 1929.

Term: 5 years.

Rate to U. S.—\$8.52 per Lb.

---

\* Contract for the carriage of local mails in Brazil, signed February 7th, 1930, in name of Nyrba do Brasil.

## EXHIBIT E.

[fol. 2685]

## EXHIBIT E.

Sailings and number of passengers carried by steamship lines between the United States and points on the route Miami - Paramaribo in the calendar year 1929.

Outbound Sailings Per Year From U.S.	Passengers Outbound From U.S.	Inbound Sailings Per Year To U.S.	Passengers Inbound To U.S.	Total Sailings Per Year	Passengers Carried Per Year	Port
754	102,640	748	102,640	1,476	205,280	HAVANA
28	2,400	16	2,400	104	2,800	SANTIAGO
43	1,250	43	1,250	86	2,000	PORT au PRINCE
24	19,200	24	19,200	104	24,400	STO. DOMINGO
156	2,150	156	2,150	312	3,300	SAN JUAN
72	2,310	60	2,310	132	2,900	LEeward AND WINDward ISLANDS
101	750	101	750	202	6,450	PORT OF SPAIN
26	750	26	750	52	1,500	GEORGETOWN
17	130,430	17	130,430	34	207,680	PARAMARIBO
1,208		1,060		2,268		TOTALS INCLUDING HAVANA



[fol. 2686]

*List of Steamship Lines Serving Ports on  
Route Miami-Paramaribo.*

*Point**Steamship Line***HAVANA**

American & Cuban S. S. Co.  
Dollar Steamship Line  
Munson Steamship Line  
New York & Cuba Mail  
Panama Steam Navigation Co.  
Panama Pacific Line  
Peninsular & Occidental Steamship  
Royal Mail Steamship Packet  
United Fruit

**CIENFUEGOS**

Ward Line  
Atlantic Navigation  
New York & Cuba Mail  
United Fruit

**SANTIAGO**

United Fruit  
Atlantic Navigation Co.  
Munson Line  
Royal Mail Steamship Packet  
Cunard Line

**PORT AU PRINCE**

Panama R. R. Steamship  
Cunard Line  
Royal Mail Steamship  
Colombian Steamship

**SAN PEDRO DE  
MACORIS**

Bull Line  
Porto Rico Line

**SAN JUAN**

Bull Line  
New York & Porto Rico Steamship  
Red Star Line

**ST. THOMAS**

Western Ocean Steamship  
Ocean Dominion Steamship  
Furness-West Indies Line

**ST. JOHNS**

Western Ocean Steamship

<i>Point</i>	<i>Steamship Line</i>
ST. LUCIA	Furness-West Indies Line Western Ocean Steamship
PORT OF SPAIN	Western Ocean Steamship Furness Trinidad Line Ocean Dominion Steamship Lamport & Holt
GEORGETOWN	Western Ocean Steamship
PARAMARIBO	Ocean Dominion Steamship Western Ocean Steamship Royal Netherlands Steamship

[fol. 2687]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 151

## DEPARTMENT OF JUSTICE

Office of the Assistant to the Attorney General  
WASHINGTON

August 1, 1930

Root, Clark, Buckner & Ballantine,  
31 Nassau St.,  
New York, N.Y.

Dear Sirs:

The Department has given careful consideration to the facts stated in your memorandum submitted with your letter of July 28, 1930, to the Attorney General with regard to the proposed acquisition by Aviation Corporation of the Americas of all the assets of New York, Rio & Buenos Aires Line, Inc., as well as to the oral statements made by officers of these companies at a conference with representatives of this Department on July 23, 1930.

Upon the basis of the information thus furnished the Department does not at the present time deem that any action by it would be warranted if the proposed acquisition should be effected. This, however, cannot under the law limit the full freedom of the Department to take such

later action as future developments, further information or a subsequent consideration of the questions involved may in its judgment warrant.

Yours very truly,

JOHN LORD O'BRIAN,  
The Assistant to the Attorney General.

/s/ CHARLES H. WESTON  
By CHARLES H. WESTON,  
Special Assistant to the Attorney General,  
Acting in Charge.

[fol. 2688]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 152

[Handwritten notations—F.A.M. 10—8/20/30]

ADVERTISEMENT FOR FOREIGN  
AIR MAIL SERVICE

BETWEEN

PARAMARIBO AND SANTOS

[fol. 2689]

ADVERTISEMENT FOR FOREIGN  
AIR MAIL SERVICE

POST OFFICE DEPARTMENT

Washington, D. C.,  
August 20, 1930.

Proposals will be received at the Office of the Second Assistant Postmaster General until twelve o'clock noon September 11, 1930, for carrying the mails herein specified by aircraft during the term beginning at a date optional with the contractor, but not later than forty-five (45) days from the award of contract, and ending January 8, 1939, in accordance with the provisions of this advertisement, on the following described route:

## Route No. 10.

From Paramaribo, Dutch Guiana, by Cayenne, French Guiana, (at option of the Postmaster General), Para (State of Para), Maranhao (State of Maranhao), Fortaleza (State of Ceara), Natal (State of Rio Grande do Norte), Pernambuco (State of Pernambuco), Bahia (State of Bahia), Victoria (State of Espirito Santo) and Rio de Janeiro (Federal District) to Santos (State of Sao Paulo), Brazil, and return by the same points.

(Approximate one way mileage, subject to correction, 3,275 miles.)

*Provisions of the Advertisement*

1. (a) The frequency of service each way shall be once a week, but the Postmaster General reserves the right to increase the frequency to twice a week or a greater number of flights; also the Postmaster General may extend the service to other points in South America or the West Indies, curtail the route to omit points, omit or embrace intermediate points, and reduce the number of flights. The route may be discontinued upon mutual agreement of the Postmaster General and the contractor.

(b) If the frequency of service is increased or the service extended, increased pay will be allowed at not exceeding the contract rates, and if the service is curtailed or otherwise reduced, reduction in pay will be made at the contract rates.

2. The service shall be performed by a schedule satisfactory to the Postmaster General. The flights shall leave Paramaribo and arrive at that place in close connection with flights on the existing U. S. air mail route between Miami and Paramaribo. The Postmaster General may change the schedule as the needs of the mail service may require.

[fol. 2690] 3. (a) The contractor shall carry for the U. S. Post Office Department on all authorized flights each way over the route (1) all mails offered of the United States and its possessions and territories, (2) all foreign mails in transit offered that may be forwarded from a post office

of the United States or its possessions or territory, (3) all mails offered of foreign countries destined to the United States or a possession or territory thereof, and (4) all mails offered of foreign countries for onward dispatch by any means from the United States proper or for onward dispatch by boat from the U. S. Virgin Islands, Porto Rico, or other U. S. possession or territory:

(b) The mails under provisions (3) and (4) of the next preceding paragraph shall include all of the mails enumerated therein of countries off or beyond the route as well as countries traversed by the route, regardless of the means by which they may be carried to a connecting point on this route:

(c) If the contractor operates aircraft between Paramaribo and Miami, or between any other points, including operation from Argentina and Uruguay, and carries any mail in competition with any U. S. air mail service, the contractor will be charged for such transportation at the rates fixed by the U. S. Post Office Department for the carriage of any such mail on its routes, and the amounts so charged may be deducted from the contractor's pay for service on the route herein advertised;

(d) The specified load of mails to be carried for the U. S. Post Office Department per flight each way over the route, to be paid for at the mileage rate, shall be eight hundred (800) pounds. Any of said mails in excess of eight hundred (800) pounds shall be carried at rates per pound. However, the contractor will be required to carry excess mails on any flight only in such amount as in the opinion of the pilot can be safely carried, with preference in loading to be given the mails to be carried for the U. S. Post Office Department over all other traffic (including passengers).

(e) If the contractor carries any mails specified in paragraph (a) of this section on any voluntary flights it may make in addition to the required flights, any of said mails so carried shall be credited to the required flights of the month in which any such voluntary flight started, and if the amount of said mail so credited involves an excess for

the month over the specified load on all required flights in the same direction, the contractor will be entitled to pay for the amount in excess of the specified loads at the pound rate for excess mails:

(f) If in any case the contractor for service under this advertisement is obligated under agreements which may have been or may be made with any country traversed by this route or country off or beyond the route to carry the mails of such country specified in paragraph (a) of this [for 2691] Section as mails to be carried for the U. S. Post Office Department, said Department will charge the said contractor for the transportation of such mails by this route and by all other U. S. air mail routes over which said mails may be carried. The charge will be based upon the rates per pound or per kilogram that may be fixed by the U. S. Post Office Department for carrying by its services of the mails for any such country to destination. Any amount so charged may be deducted from the pay of said contractor.

(g) If in any case under agreement between the contractor and a foreign country the contractor has authority to fix or consent to postage rates or air mail fees for mails to be carried, the contractor shall not fix or demand or attempt to procure the fixing of postage rates, including air mail fees, for any mails specified in paragraph (a) of this Section to be carried for the U. S. Post Office Department, more than 25 per cent in excess of the postage charged by the United States for mails to be carried in the reverse direction to any such country.

4. The contractor will be required to receive the mails for the southbound flights at Paramaribo from the contracting company (at the landing place of such company) that performs service on the U. S. air mail route between Miami and Paramaribo, and on the northbound flights to deliver all mails specified in paragraph (a) Section 3 hereof to be carried for the U. S. Post Office Department, to such contracting company at its landing place. If found necessary the contractor may also be required to carry mails between the landing point on this route and the post office



at Paramaribo. The contractor shall deliver and receive the mails at the post offices at all other points on the route. However, if the route be extended at any time to connect with any other U. S. air mail route, the contractor may be required to receive mails from and deliver them to the contractor on said other route at the connecting point.

5. (a) The contractor will be required at all times during the term of the contract to perform the service with safe and suitable aircraft of the most modern design and type and of suitable capacity and speed, with fireproof mail compartments, all to the satisfaction of the Postmaster General. Two-way radio operation and passenger accommodations will be required on all aircraft, in the discretion of the Postmaster General.

(b) If at any time the development of aircraft should be such that the equipment used on the route does not comply with these specifications, or if the class of equipment specified herein is not provided for any other reason, the Postmaster General may terminate the contract.

(c) Unless otherwise agreed to by the Postmaster General, all flying equipment used on the route shall be of United States manufacture, all other equipment and supplies necessary for performance of the service shall be of United States manufacture or United States products if practicable, and pilots, flying crews, and all other employees, shall be citizens of the United States as far as may be practicable.

(d) Aircraft before being operated in this service must have been inspected by the appropriate authorities of the United States or of a country traversed by the route and have received certificate of air-worthiness. The pilots must have received certificates of fitness from the appropriate department of the United States or be qualified under the requirements of a country traversed.

[fol. 2692] (e) The contractor must make its own arrangements at its own expense in securing concessions to operate in the countries traversed, for landing fields or rights to land the mails from the water, lighthouses, radio



stations, and such other aids to navigation and such other arrangements as may be necessary for the proper performance of the service.

6. (a) Payments for faithful performance of service will be made monthly and as soon after the close of each month as satisfactory evidence of performance shall be received and as the accounts can be adjusted and settled;

(b) The contractor shall furnish such evidence of the performance of service and in such form as may be prescribed by the Postmaster General;

(c) Payments will be based upon the shortest practicable airway distance between the points on the route as determined by the Postmaster General.

(d) No Compensation will be allowed for flights not made. However, pro rata pay may be allowed for the distance between points on the route flown in a partially completed flight, in the discretion of the Postmaster General;

(e) Deductions from pay may be made for suffering the mails to become wet, damaged, lost or destroyed, or for other delinquencies in service, in the discretion of the Postmaster General; also the contractor shall be answerable in damages to the United States for the proper care, protection and transportation of the mails and be accountable for any loss or damage resulting to any of such mail or any part thereof by reason of failure on its part, or its officers, agents or employees, to exercise due care in the custody, handling or transportation thereof;

(f) The Postmaster General in his discretion may annul the contract and/or impose a fine or fines or other penalties upon the contractor, for repeated failures in the performance of service; or for subletting the service or any part thereof without permission of the Postmaster General; or assigning or transferring the contract; or for combining to prevent others from bidding for the performance of postal service; or for failure to perform the service in the manner and by the means specified by the contract; or for violation by the contractor, its officers, agents, or employees, of the Postal Laws and Regulations applicable to

this service, or for any other failure or other default of the contractor to perform the service according to the contract; and any such annulment shall not impair the right of the United States to claim damages from the contractor and its sureties.

7. (a) Contracts or interests therein for mail service cannot be transferred or assigned. Service pursuant to this advertisement may be sublet only upon permission of the Postmaster General. Such permission will not be given except for reasons satisfactory to the Postmaster General and then only for subletting to a subcontractor that can qualify as to ability to perform the service and is otherwise satisfactory to the Postmaster General, and at rates not less than the contract rates of pay:

[fol. 2693] (b) The Department will not countenance the undue promotion of the sale of stock of a bidding or contracting corporation upon the representation or basis of securing or having this mail contract. If any such promotion or attempted promotion of sale of stock be unwarranted in the opinion of the Postmaster General, he may rescind the acceptance of a proposal or annul the contract;

(c) Bidders and contractors must be citizens of the United States. A corporation in order to be eligible as bidder or contractor must be organized under the laws of the United States, or a State, Territory, District or possession thereof; its president and managing directors must be citizens of the United States; title to at least 75 per cent of its stock must be vested in citizens of the United States free from any trust or fiduciary obligation in favor of any person or persons not citizens of the United States, and must be free from control by any means whatsoever by any person or persons not citizens of the United States or by other corporation controlled by a person or persons not citizens of the United States;

(d) The contract for the service shall contain the following covenant:

The Contractor warrants that it has not employed any person to solicit this contract upon any agreement for a

commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Government the right to annul the contract, or, in its discretion, to deduct from the contract price or consideration the amount of such commission, percentage, brokerage, or contingent fee. This warranty shall not apply to commissions payable by contractors upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business.

(e) The accepted bidder under this advertisement will be required to execute a formal contract in the form prescribed by the Postmaster General. Such formal contract with a bond of one thousand (\$1,000) dollars in connection therewith shall be executed and filed in the Post Office Department within thirty days from the date of the acceptance of the proposal. If the accepted bidder fails to file a properly executed formal contract within the thirty days, it may be declared a failing bidder and proceedings taken accordingly.

(f) The contractor will be required to provide, without additional charge, transportation for representatives of the Post Office Department traveling on official business, upon special credentials issued by the Postmaster General.

8. (a) Proposals in response to this advertisement must be for service as advertised. Proposal forms may be obtained upon application to the Second Assistant Postmaster General, Washington, D. C.

(b) The proposals and the contract will also be subject to the provisions of the Postal Laws and Regulations applicable to this class of service.

(c) All proposals must be in the form prescribed by the Department and accompanied by a bond in the sum of twenty-five thousand (\$25,000) dollars with two or more [fol. 2694] individual sureties approved by a postmaster of the first, second or third class, which bond must be acceptable to the Postmaster General, such sureties to be shown to be the owners of real estate valued above all encumbrances at an amount double that of the bond, or a surety

company that has been approved by the Secretary of the Treasury. A list of such surety companies may be found on page 61 of the Official Postal Guide for July, 1929, a copy of which may be seen upon application to any postmaster. In lieu of surety bonds, bidders may deposit and pledge U. S. bonds to the par value of twenty-five thousand dollars, in accordance with Department requirements:

(d) Bidders and their sureties are urged to acquaint themselves fully with the requirements set forth in this advertisement and with the service to be performed before they assume any liability as bidders or sureties;

(e) A proposal altered or incomplete in any of its essential terms can not be considered in connection with bids submitted in proper form, unless in case of alteration it be verified by initials or other memoranda of the parties;

(f) When a bid is signed by a corporation it should be accompanied by evidence of the authority of the person signing so to execute the bid on behalf of the company. Such evidence may be a certified copy of the proceedings pursuant to which the person was elected or appointed an officer or agent of the company and that part of the by-laws showing his authority as such officer or agent to sign the bid; or a certified copy of a resolution of the board of directors or stockholders conferring such authority upon him.

(g) The maximum rates authorized by law for this class of service is \$2 dollars per mile for the specified load and \$1 per pound per thousand miles or pro rata thereof for greater or less mileage for mails in excess of the specified load. Bids at a higher rate will not be considered.

(h) Bids must state rate per mile for the specified load of not exceeding eight hundred (800) pounds, and a rate per pound per thousand miles for excess mails, such rate for excess mails to bear the ratio of 50 per cent of the rate per mile for the specified load; that is, if a bid is \$2 a mile for the specified load, the rate for excess mails must be \$1 per pound per thousand miles or pro rata thereof for greater or less mileage, or if a bid is \$1.50 a mile for the specified load the rate for excess mails must be \$0.75 per

pound per thousand miles or pro rata thereof for greater or less mileage, etc.

(i) Bidders must file with their proposals evidence as follows:

(1) Of citizenship of the bidder. (See Section 7, par. (c))

(2) That the bidder is prepared or can be prepared to begin service within forty-five (45) days from the award of contract, including copies of concessions to operate in the countries traversed by the route, a sworn statement of the possession of the necessary flying equipment or the availability of such equipment and the means of procuring it, and similar evidence of the necessary operating organization.

[fol. 2695]

(3) Of the ability of the bidder to perform the service. This will include the last balance sheet and such other evidence of the bidder's financial ability as can be filed, as well as a full statement of the past experience of the bidder in aviation.

(j) No withdrawal of a proposal will be allowed unless notice of withdrawal is received at least twenty-four (24) hours previous to the expiration of the time fixed herein for receiving bids.

(k) Bids should be forwarded in time to reach the Office of the Second Assistant Postmaster General not later than the time stated in this advertisement for receiving bids. Bids received after that time will not be considered in competition with bids received within the prescribed time.

(l) Bids should be sent in sealed envelopes, superscribed "Air Mail Proposal, Paramaribo-Santos Route" and addressed to the Second Assistant Postmaster General, Post Office Department, Washington, D. C.

/s/ WALTER F. BROWN,  
Walter F. Brown,  
Postmaster General.

[fol. 2696]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 153

## CONTRACT FOR FOREIGN AIR MAIL SERVICE

## Route No. 10

THIS CONTRACT, Made the 24th day of September, A. D. 1930, by the United States of America, represented by the Postmaster General, party of the first part, and the Pan American Airways, Inc., a corporation duly organized and existing under the laws of the State of New York, hereinafter referred to as the contractor, party of the second part;

WITNESSETH, That whereas under date of September 24, 1930, the Pan American Airways, Inc. was accepted as contractor for foreign air mail service on Route No. 10, in conformity with the advertisement inviting proposals for the service specified therein, issued by the Postmaster General under date of August 20, 1930, the said contractor, for the consideration hereinafter stated, undertakes, covenants and agrees with the United States of America, pursuant to said advertisement, as follows:

1. (a) To carry for the United States the mails specified in paragraph (c) hereof, in a safe and secure manner, free from wet or other injury, from Paramaribo, Dutch Guiana, by Cayenne, French Guiana, (at option of the Postmaster General), Para (State of Para), Maranhãe (State of Maranhãe), Fortaleza (State of Ceara), Natal (State of Rio Grande do Norte), Pernambuco (State of Pernambuco), Bahia (State of Bahia), Victoria (State of Espirito Santo) and Rio de Janeiro (Federal District) to Santos (State of Sao Paulo), Brazil, and return by the same points, once a week;

(b) To perform the service by a schedule satisfactory to the Postmaster General on flights to leave Paramaribo and arrive at that place in close connection with flights on the U. S. air mail route between Miami and Paramaribo, or



such other schedule as the Postmaster General may order to meet the needs of the mail service;

[fol. 2697] (c) To carry for the U. S. Post Office Department on all authorized flights each way over the route (1) all mails offered of the United States and its possessions and territories, (2) all foreign mails in transit offered that may be forwarded from a post office of the United States or its possessions or territories, (3) all mails offered of foreign countries destined to the United States or a possession or territory thereof, and (4) all mails offered of foreign countries for onward dispatch by any means from the United States proper or for onward dispatch by boat from the U.S. Virgin Islands, Porto Rico, or other U. S. possession or territory, the mails under provisions (3) and (4) hereof to include all of the mails enumerated therein of countries off or beyond the route as well as countries traversed by the route, regardless of the means by which they may be carried to a connecting point on this route;

(d) To carry as the specified load, mails enumerated in paragraph (c) hereof, per flight each way, eight hundred (800) pounds (or all of such mails offered of less amount), and as excess mails any of such mails that may be offered in excess of eight hundred (800) pounds; provided that excess mails on any flight shall be carried only of such amount as in the opinion of the pilot can be safely carried, with preference in loading given the mails to be carried for the U. S. Post Office Department over all other traffic (including passengers);

(e) To receive the mails for the southbound flights at Paramaribo from the contracting company (at the landing place of such company) that performs service on the U. S. air mail route between Miami and Paramaribo, and on the northbound flights to deliver all mails specified in paragraph (c) hereof to be carried for the U. S. Post Office Department, to such contracting company at its landing place, and if found necessary and required by the Postmaster General, to carry mails between the landing point on this route and the post office at Paramaribo; unless other provision is made, to deliver and receive the mails at the



post offices at all other points on the route, and if the route be extended at any time to connect with any other U. S. air mail route, to receive mails from and deliver them [fol. 2698] to the contractor on said other route at the connecting point if so required by the Postmaster General:

(f) To provide and operate in the performance of the service hereunder at all times during the term of this contract, safe and suitable aircraft of the most modern design and type according to reasonable standards for aircraft obsolescence as determined by the Postmaster General, and of suitable capacity and speed, with fireproof mail compartments as far as possible, all to the satisfaction of the Postmaster General; and, in the discretion of the Postmaster General, to provide (if not prohibited by local authorities) two-way radio operation and passenger accommodations on all aircraft used;

(g) To provide, without additional charge, transportation for representatives of the Post Office Department traveling on official business, upon special credentials issued by the Postmaster General;

(2) IN CONSIDERATION of the faithful performance of the services herein specified and upon receipt of satisfactory evidence thereof by the Postmaster General, the United States agrees to pay to the said contractor monthly, and as soon after the close of each month as accounts can be adjusted and settled, compensation based upon the shortest practicable airway distance between the points on the route as determined by the Postmaster General, at the rate of Two (\$2.00) Dollars per mile each way for the specified load of not exceeding eight hundred (800) pounds each way, plus a rate of One (\$1.00) Dollar per pound per thousand miles or pro rata thereof for greater or less mileage for any excess mails required to be carried in the same aircraft:

3. It is further understood and agreed

(a) That the Postmaster General may increase the frequency of service on this route to twice a week or a greater number of flights, and may extend the service to other points in South America or the West Indies, curtail the route to

omit points, omit or embrace intermediate points, and reduce the number of flights, but not in conflict with the provisions of paragraph (b), section 6 hereof;

[fol. 2699] (b) That where the service is increased or extended as provided in the preceding paragraph, the compensation of the contractor shall be increased at not exceeding the contract rate, and where the service is curtailed or reduced, the compensation shall be decreased at the said rate;

(c) That if the contractor operates aircraft between Paramaribo and Miami, or between any other points, including operation from Argentina and Uruguay, and carries any mail in competition with any U. S. air mail service, the contractor will be charged for such transportation at the rates fixed by the U. S. Post Office Department for the carriage of any such mail on its routes, and the amounts so charged may be deducted from the contractor's pay for service herein specified;

(d) That if the contractor carries any mails specified in paragraph (c), section 1, hereof, on any voluntary flights it may make on this route in addition to the required flights, any of said mails so carried shall be credited to the required flights of the month in which any such voluntary flight started, and if the amount of said mail so credited involved an excess for the month over the specified load on all required flights in the same direction, the contractor will be entitled to pay for the amount in excess of the specified loads at the pound rate for excess mails;

(e) That if in any case the contractor is obligated under agreements which may have been or may be made with any country traversed by this route or country off or beyond the route to carry the mails of such country specified in paragraph (c), section 1, hereof, as mails to be carried for the U. S. Post Office Department, said Department will charge the said contractor for the transportation of such mails by this route and by all other U. S. air mail routes over which said mails may be carried. The charge will be based upon the rates per pound or per kilogram that may be

fixed by the U. S. Post Office Department for carrying by its services of the mails for any such country to destination. Any amount so charged may be deducted from the pay of said contractor;

[fol. 2700] (f) That if in any case under agreement between the contractor and a foreign country the contractor has authority to fix or consent to postage rates or air mail fees for mails to be carried, the contractor shall not fix or demand or attempt to procure the fixing of postage rates, including air mail fees, for any mails specified in paragraph (c), section 1, hereof; to be carried for the U. S. Post Office Department, more than 25 per cent in excess of the postage charged by the United States for mails to be carried in the reverse direction to any such country;

(g) That if at any time the development of aircraft should be such that the equipment used on the route does not comply with the provisions of this contract, or if the class of equipment specified herein is not provided for any other reason, the Postmaster-General may terminate this contract;

(h) That unless otherwise agreed to by the Postmaster-General, all flying equipment used on this route shall be of United States manufacture, all other equipment and supplies necessary for performance of the service shall be of United States manufacture or United States products if practicable; and pilots, flying crews, and all other employees, shall be citizens of the United States as far as may be practicable;

(i) That aircraft before being operated in service on this route must have been inspected by the appropriate authorities of the United States or of a country traversed by the route and have received certificate of airworthiness. The pilots must have received certificates of fitness from the appropriate department of the United States or be qualified under the requirements of a country traversed;

(j) That the contractor shall make its own arrangements at its own expense in securing concessions to operate in the countries traversed, for landing fields or rights to land

the mails from the water, lighthouses, radio stations, and such other aids to navigation and such other arrangements as may be necessary for the proper performance of the service hereunder;

[fol. 2701] 4. It is further understood and agreed

4a) That no compensation will be allowed for flights not made; provided that pro rata pay may be allowed for the distance between points on the route flown in a partially completed flight, in the discretion of the Postmaster General;

(b) That deductions from pay may be made for suffering the mails to become wet, damaged, lost or destroyed, or for other delinquencies in service, in the discretion of the Postmaster General; also that the contractor shall be answerable in damages to the United States for the proper care, protection and transportation of the mails and be accountable to the United States for any loss or damage resulting to any of such mail or any part thereof by reason of failure on its part, or its officers, agents or employees, to exercise due care in the custody, handling or transportation thereof;

(c) That for repeated failures in the performance of service for which provision is made herein; or for subletting the service or any part thereof without permission of the Postmaster General; or assigning or transferring the contract; or for combining to prevent others from bidding for the performance of postal service; or for failure to perform the service in the manner and by the means specified by the contract; or for violation by the contractor, its officers, agents, or employees, of the Postal Laws and Regulations applicable to the service specified herein, or for any other failure or other default of the contractor to perform the service specified herein, the Postmaster General, in his discretion, may annul this contract and/or impose a fine or fines or other penalties upon the contractor, and the annulment thereof shall not impair the right of the United States to claim damages from the contractor for the said failures or defaults;

5. It is further understood and agreed

(a) That no Member of or Delegate to Congress, or Resident Commissioner, shall be admitted to any share or part [fol. 2702] of this contract or to any benefit that may arise thereupon, but this provision shall not be construed to apply to any case wherein the contract is for the general benefit of the contracting corporation;

(b) That the contractor warrants that it has not employed any person to solicit this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Government the right to annul the contract, or, in its discretion, to deduct from the contract price or consideration the amount of such commission, percentage, brokerage, or contingent fee. This warranty shall not apply to commissions payable by contractors upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the contractor for the purpose of securing business;

(c) That this contract is subject to all the provisions of the advertisement of the Postmaster General hereinbefore mentioned and to the provisions of the Postal Laws and Regulations applicable to this service; and the same are hereby made a part of this contract;

6. It is further understood and agreed

(a) That the term of this contract shall be from October 20, 1930, to January 8, 1939;

(b) That upon agreement of the Postmaster General and the contractor this route may be discontinued;

(c) That before this contract shall be annulled or terminated for any default in performance, notice specifying the nature of the default shall be given to the contractor by the Postmaster General and a reasonable time, in the discretion of the Postmaster General, allowed for the correction of such default; and that this contract shall not be annulled nor the contractor held liable for any failure in performance due to wars, insurrections, riots, strikes or acts of God.

IN WITNESS WHEREOF, The parties hereto have executed this contract as of the day and year opposite their names appearing.

THE UNITED STATES OF AMERICA

By (Signed) WALTER F. BROWN  
Postmaster General

Signed Oct. 21, 1930  
in the presence of:

(Signed) ALICE MUMMERHOFF

PAN AMERICAN AIRWAYS, INC.

Attest:

(Signed) (Illegible)

[fol. 2703]

### BOND

KNOW ALL MEN BY THESE PRESENTS, That the Pan American Airways, Inc., of 122 East 42nd Street, New York, N.Y., principal, and Indemnity Insurance Company of North America as surety, are held and firmly bound unto the United States of America in the just and full sum of one thousand (\$1,000) dollars lawful money of the United States to be paid to the United States of America or its duly appointed or authorized officer or officers; to the payment of which, well and truly to be made and done, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, The aforesaid Pan American Airways, Inc., has entered into the foregoing contract with the United States for foreign air mail service on the route designated as No. 10, between Paramaribo, Dutch Guiana, and Santos, Brazil, by way of certain intermediate points:

NOW, THE CONDITION OF THIS OBLIGATION IS SUCH, That if the said Pan American Airways, Inc., shall perform the service according to its said contract, then this obligation shall be void; otherwise to be in full force and obligation in law.



IN WITNESS WHEREOF, We have hereunto set our hands and seals this 15th day of October, 1930.

PAN-AMERICAN AIRWAYS, INC.,

By (Signed) J. T. TRIPPE, President  
(SEAL)

Attest:

(Signed) H. PRESTON MORRIS, Secretary

INDEMNITY INSURANCE COMPANY  
OF NORTH AMERICA

By (Signed) C. J. KOCH  
Resident Vice President

Witness:

(Signed) LESLIE CIZEK

Attest:

(Signed) E. M. MCCARTHY  
Resident Assistant Secretary

I, H. PRESTON MORRIS, certify that I am Secretary of the Corporation named as contractor herein; that J. T. TRIPPE who signed this contract and bond in behalf of the contractor, was then President of the said corporation; that said contract and bond were duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

(Signed) H. PRESTON MORRIS Corporate Seal.

[fol. 2704]

### CERTIFICATE OF OATH OF CONTRACTOR

I, the undersigned, being employed in the care, custody and conveyance of this mail as contractor on the route named in the foregoing contract, do solemnly swear that I will faithfully perform all the duties required of me, and abstain from everything forbidden by the laws in relation to the establishment of post office and post roads within the United States; and that I will honestly and truly ac-



count for and pay over any money belonging to the said United States which may come into my possession or control; and I also further swear that I will support the Constitution of the United States; So help me God.

PAN AMERICAN AIRWAYS, INC.,

By (Signed) J. T. TRIPPE, President  
Contractor

Sworn to and subscribed before me a Notary Public, this 15th day of October, 1930.

E. S. Swaggerty  
Notary Public

Contract and bond  
approved as to fact:

(Signed) W. IRVING GLOVER  
Second Assistant

Contract, bond and execution  
approved as to form and legal  
sufficiency:

(Signature Illegible)  
Special Assistant to the  
Attorney General

[fol. 2705]

INDEMNITY INSURANCE COMPANY  
OF NORTH AMERICA

Philadelphia.

AFFIDAVIT, ACKNOWLEDGMENT AND  
JUSTIFICATION BY GUARANTY OR  
SURETY COMPANY

State of New York )

) ss:

County of New York )

On this 15th day of October, one thousand nine hundred and 30 before me personally came C. J. Koch, known to me to be the Resident Vice-President of the INDEMNITY INSURANCE COMPANY OF NORTH AMERICA, the corporation described in and which executed the within and foregoing Bond of Pan American Airways, Inc., as a surety

thereon, and who, being by me duly sworn, did depose and say that he resides in the City of Brooklyn, State of New York; that he is the Resident Vice President of said Company, and knows the corporate seal thereof; that the said INDEMNITY INSURANCE COMPANY OF NORTH AMERICA is duly and legally incorporated under the laws of the State of Pennsylvania; that said Company has complied with the provisions of the Act of Congress of August 13th, 1894; that the seal affixed to the within Bond of Pan American Airways, Inc., is the corporate seal of said INDEMNITY INSURANCE COMPANY OF NORTH AMERICA, and was thereto affixed by the order and authority of the Board of Directors of said Company; that he signed his name thereto by like order and authority as Resident Vice President of said Company; that he is acquainted with E. M. McCarthy and knows him to be the resident Assistant Secretary of said Company; that the signature of said E. M. McCarthy subscribed to said Bond is in the genuine handwriting of said E. M. McCarthy, and was thereto subscribed by order and authority of said Board of Directors; and in the presence of said deponent; that the assets of said Company, unencumbered and liable to execution, exceed its debts and liabilities of every nature whatsoever, by more than the sum of One Million Five Hundred Thousand (\$1,500,000) Dollars.

That W. J. Witschen is the agent to acknowledge service for said Company in the Judicial District wherein this bond is given.

(Signed) C. J. Koch

(Deponent's Signature)

Sworn to, acknowledged before me and subscribed in my presence this 15th day of October, 1930.

(Signed) ANNA KOCAR

[fol. 2706] KNOW ALL MEN BY THESE PRESENTS, That the Pan American Airways, Inc., of 122 East 42nd Street, New York, N. Y., principal, and Indemnity Insurance Company of North America as surety, are held and

firmly bound unto the United States of America in the just and full sum of one thousand (\$1,000) dollars lawful money of the United States to be paid to the United States of America or its duly appointed or authorized officer or officers; to the payment of which, well and truly to be made and done, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, The aforesaid Pan American Airways, Inc., has entered into the foregoing contract with the United States for foreign air mail service on the route designated as No. 10, between Paramaribo, Dutch Guiana, and Santos, Brazil, by way of certain intermediate points;

NOW, THE CONDITION OF THIS OBLIGATION IS SUCH, That if the said Pan American Airways, Inc., shall perform the service according to its said contract, then this obligation shall be void; otherwise to be in full force and obligation in law.

IN WITNESS WHEREOF, We have hereunto set our hands and seals this 15th day of October, 1930.

PAN AMERICAN AIRWAYS, INC.,

By (Signed) J. T. TRIPPE, President  
(SEAL)

Attest:

(Signed) H. PRESTON MORRIS, Secretary

INDEMNITY INSURANCE COMPANY  
OF NORTH AMERICA

By (Signed) C. J. KOCH  
Resident Vice President

Witness:

(Signed) LESLIE CIZEK

Attest:

(Signed) E. M. MCCARTHY  
Resident Assistant Secretary

I, H. PRESTON MORRIS, certify that I am Secretary of the Corporation named as contractor herein; that J. T. TRIPPE who signed this contract and bond in behalf of the contractor, was then President of the said corporation; that said contract and bond were duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate power.

(Signed) H. PRESTON MORRIS. Corporate Seal.

[fol. 2707]

### CERTIFICATE OF OATH OF CONTRACTOR.

I, the undersigned, being employed in the care, custody and conveyance of the mail as contractor on the route named in the foregoing contract, do solemnly swear that I will faithfully perform all the duties required of me, and abstain from everything forbidden by the laws in relation to the establishment of post offices and post roads within the United States; and that I will honestly and truly account for and pay over any money belonging to the said United States which may come into my possession or control; and I also further swear that I will support the Constitution of the United States; So help me God.

PAN AMERICAN AIRWAYS, INC.,

By (Signed) J. T. TRIPPE, President  
Contractor

Sworn to and subscribed before me a Notary Public, this 15th day of October, 1930.

E. S. Swaggerty,  
Notary Public.

Contract and bond  
approved as to fact:

(Signed) W. IRVING GLOVER,  
Second Assistant

Contract, bond and execution  
approved as to form and legal  
sufficiency:

/s/ [Signature Illegible]  
Special Assistant to the  
Attorney General.

[fol. 2708]

**INDEMNITY INSURANCE COMPANY  
OF NORTH AMERICA.**

Philadelphia.

**INDEMNITY INSURANCE COMPANY  
AFFIDAVIT, ACKNOWLEDGMENT AND  
JUSTIFICATION BY GUARANTEE OR  
SURETY COMPANY**

State of New York     )  
                                  ) ss:  
County of New York    )

On this 15th day of October, one thousand nine hundred and 30 before me personally came C. J. Koch, known to me to be the Resident Vice-President of the INDEMNITY INSURANCE COMPANY OF NORTH AMERICA, the corporation described in and which executed the within and foregoing Bond of Pan American Airways, Inc., as a surety thereon, and who, being by me duly sworn, did depose and say that he resides in the City of Brooklyn, State of New York; that he is the Resident Vice-President of said Company, and knows the corporate seal thereof; that the said INDEMNITY INSURANCE COMPANY OF NORTH AMERICA is duly and legally incorporated under the laws of the State of Pennsylvania; that said Company has complied with the provisions of the Act of Congress of August 13th, 1894; that the seal affixed to the within Bond of Pan American Airways, Inc., is the corporate seal of said INDEMNITY INSURANCE COMPANY OF NORTH AMERICA, and was thereto affixed by the order and authority of the Board of Directors of said Company; that he signed his name thereto by like order and authority as Resident Vice-President of said Company; that he is acquainted with E. M. McCarthy and knows him to be the resident Assistant Secretary of said Company; that the signature of said E. M. McCarthy subscribed to said Bond is in the genuine handwriting of said E. M. McCarthy, and was thereto subscribed by order and authority of said Board of Directors; and in the presence of said deponent; that the assets of said Company, unencumbered and liable

to execution, exceed its debts and liabilities of every nature whatsoever, by more than the sum of One Million Five Hundred Thousand (\$1,500,000) Dollars.

That W. J. Witschen is the agent to acknowledge service for said Company in the Judicial District wherein this bond is given.

(Signed) C. J. Koch.  
(Deponent's Signature)

Sworn to, acknowledged before me, and subscribed in my presence this 15th day of October, 1930.

(Signed) ANNA KOCAK.

[fol. 2709]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 154

## EXTENSION OF SERVICE AND AGREEMENTS

### FOREIGN AIR MAIL ROUTE NO. 10

This agreement made between the United States of America, represented by the Postmaster General, and the Pan American Airways, Inc., a corporation duly organized and existing under the laws of the State of New York, hereinafter referred to as the contractor;

Whereas, the contract made the 24th day of September, 1930, between the United States of America and the Pan American Airways, Inc., for foreign air mail service during the term from October 20, 1930 to January 8, 1939 on Route No. 10, Paramaribo, Dutch Guiana, by way of certain intermediate points to Santos, Brazil, contains the following provision:

"That the Postmaster General may increase the frequency of service on this route to twice a week or a greater number of flights, and may extend the service to other points in South America or the West Indies, curtail the route to omit points, omit or embrace intermediate points, and reduce the number of flights, but not in conflict with the provisions of paragraph (b), section 6, hereof."



1. Now, therefore, the Postmaster General hereby authorizes extension of service on said Route No. 10 from Santos by way of Florianopolis, Porto Alegre, Rio Grande do Sul (Brazil) and Montevideo (Uruguay) to Buenos Aires (Argentina), and return, once a week, on a schedule satisfactory to the Postmaster General, to be effective with flights southbound from Santos on and after November 1, 1931, and with flights northbound from Buenos Aires on and after November 8, 1931;

2. In consideration of said extension the contractor hereby agrees that the compensation to be paid by the United States of America for service on the entire route from Paramaribo to Buenos Aires shall be \$1.80 per mile each way for the specified load of not exceeding 800 pounds, plus a rate of 90¢ per pound per 1000 miles, or pro rate thereof for greater or less mileage for any excess mails required to be carried in the same aircraft, effective with southbound flights leaving Paramaribo and Santos on and after November 1, 1931, and with northbound flights leaving [fol. 2710] Buenos Aires and Santos on and after November 1, 1931.

IN WITNESS WHEREOF, The parties hereto have executed this instrument.

THE UNITED STATES OF AMERICA

By WALTER F. BROWN (signed)  
Postmaster General

Signed 15 October, 1931  
in the presence of

KENNETH MACPHERSON (signed)  
(SEAL)

PAN AMERICAN AIRWAYS, INC.

By J. T. TRIPPE, Pres. (signed)

Attest: H. PRESTON MORRIS (signed)  
Secretary

Signed October 7, 1931  
(CORPORATE SEAL)



The Indemnity Insurance Company of North America, surety on the proposal bond and the contract bond for service on said Route No. 10, hereby assents to the agreements contained herein.

INDEMNITY INSURANCE COMPANY  
OF NORTH AMERICA

(SEAL)

By C. J. Koch (signed)  
Surety

Resident Vice President

Attest: ANNA KOCAR (signed)  
Resident Assistant Secretary

Approved as to fact:

CHASE C. GOVE (signed)

Approved as to form  
and legal sufficiency:

(Signature illegible) (signed)  
Special Assistant to the  
Attorney General

[fol. 2711] J. H. PRESTON MORRIS, Secretary of PAN AMERICAN AIRWAYS, INC., a New York corporation, hereby certify that the following is a full, true and correct copy of certain resolutions duly adopted at a regular meeting of the Executive Committee of the Board of Directors of said Corporation duly held on the 30th day of September, 1931, a quorum of three being present, and the Board of Directors of said Corporation not then being in session:

"RESOLVED, that Mr. J. T. Trippe, the President of this Corporation, be and he hereby is authorized and empowered to effect an amendment or amendments to the contract now existing between this Corporation and the United States Government for the transportation of mail by aircraft on Route F.A.M. No. 10, and to effect such changes in, and in the conditions affecting, the service referred to in such contract, and such extensions of the route therein mentioned, as may be

mutually agreed upon by and between said President and the United States Post Office Department, and in the name and on behalf of this Corporation, and under its corporate seal, or otherwise, to execute and deliver a contract embodying such changes and amendments, and that H. Preston Morris, the Secretary of this Corporation, or C. M. Blaske, the Assistant Secretary of this Corporation, be and each of them is hereby authorized and empowered to affix the seal of this Corporation to such contract and to attest the same; and

**RESOLVED, FURTHER,** that the proper officer or officers of this Corporation be and they hereby are severally authorized and empowered to procure the consent, in such form as the United States Post Office Department may require, of the Indemnity Insurance Company of North America (the surety company which executed as surety the bonds now on deposit with the United States Post Office Department to secure the performance of the aforementioned existing contract between this Corporation and the United States Government) to such changes and amendments; and

**RESOLVED, FURTHER,** that the bonds heretofore executed by this Corporation to secure the performance of the aforementioned existing contract between this Corporation and the United States Government shall be deemed to apply to, and to secure the performance of, said contract as so amended, with the same efficacy as though originally executed and deposited with respect to such amended contract."

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the seal of said Corporation, this 30th day of September, 1931.

H. PRESTON MORRIS (signed)  
Secretary

((CORPORATE SEAL))

[fol. 2712] I, H. PRESTON MORRIS, Secretary of PAN AMERICAN AIRWAYS, INC., a New York corporation, hereby certify that the following is a true and correct copy of an extract from the BY-laws of said Corporation:

"The Board of Directors may appoint from their own number an Executive Committee consisting of two or more members who shall meet when they see fit. They shall have authority to exercise all the powers of the Board of Directors at any time when the Board of Directors is not in session. . . . ."

I further certify that the following is a full, true and correct copy of a certain resolution heretofore duly adopted at a regular meeting of the Board of Directors of said Corporation, duly held on July 18, 1929, and that said resolution has not been repealed:

"RESOLVED, that there be and hereby is delegated to the Executive Committee of the Board of Directors of this Corporation all the powers of said Board of Directors, the same to be exercisable at all times except when said Board of Directors is in session."

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the seal of said Corporation, this 30th day of September, 1931.

H. PRESTON MORRIS (signed)  
Secretary

(CORPORATE SEAL)

[fol. 2713]

STATE OF NEW YORK :  
COUNTY OF NEW YORK : SS.

On this 6th day of October, 1931, before me personally appeared Anna Kocak, to me known, who, being by me duly sworn, did depose and say that she resides in New York, N.Y., that she is Resident Assistant Secretary of the IN-

INDEMNITY INSURANCE COMPANY OF NORTH AMERICA, the corporation described in and which executed, the foregoing instrument, that she knows the seal of said corporation, that the seal affixed to said instrument is such corporate seal, that it was so affixed by due authority and that she signed her name thereto as Resident Assistant Secretary likewise by due authority; and that the deponent saith further that she is acquainted with C. J. Koch and knows him to be the Resident Vice-President of said corporation, that the signature of the said Resident Vice-President subscribed to said instrument is in the genuine handwriting of said Resident Vice-President and was thereto subscribed by due authority and in the presence of the deponent; and the deponent saith further that the Superintendent of Insurance of the State of New York has, (pursuant to Chapter 33 of the Laws of the State of New York has,) pursuant to Chapter 33 of the Laws of the State of New York for the year 1909, constituting Chapter 28 of the Consolidated Laws of the State of New York as amended by Chapter 182 of the Laws of the State of New York for the year 1913, issued to the INDEMNITY INSURANCE COMPANY OF NORTH AMERICA his certificate, that said Company is qualified to become and be accepted as surety or guarantor on all bonds, undertakings and other obligations or guarantees, as provided in the Insurance Laws of the State of New York and all laws amendatory thereof and supplementary thereto; and that such certificate has not been revoked, and that the assets of said Company, unencumbered and liable to execution exceed its debts and liabilities of every nature whatsoever, by more than the sum of One Million (\$1,000,000.) Dollars.

Witness my hand and seal the day and year aforesaid.

(SEAL)

MORRIS G. KELLEY (signed)  
Notary Public

It is hereby certified that C. J. Koch and Anna Kocak have been appointed Resident Vice-President and Resident Assistant Secretary, respectively, of the INDEMNITY INSURANCE COMPANY OF NORTH AMERICA at New

York, N.Y., that both of said appointments are in full force and effect as of the date hereof, and said appointments were made under and by authority of the following By-Laws adopted by the Board of Directors of the INDEMNITY INSURANCE COMPANY OF NORTH AMERICA at a meeting duly called and held on the 12th day of July, 1920, which said By-Laws have been compared by me with the originals thereof as recorded in the minute book of said corporation and are a true and correct transcript therefrom of the whole of Section 1, 2 and 3 of Article XII thereof and are in full force and effect:

## ARTICLE XII

"SECTION 1. The President, or any Vice-President shall have power and authority to appoint Resident Vice-Presidents, Resident Assistant Secretaries and Attorneys-in-fact, and to authorize them to execute on the behalf of the Company and attach the seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

SECTION 2. Resident Vice-Presidents shall have power and authority to sign and execute on behalf of the Company any and all bonds and undertakings, recognizances, contracts of indemnity and other writings, obligatory in the nature thereof, and to bind the Company thereby as fully and to the same extent as the President could bind it.

[fol. 2714] SECTION 3. Resident Assistant Secretaries shall have power and authority to affix the seal of the Company to, and attest on the behalf of the Company, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and to bind the Company thereby as fully and to the same extent as the Secretary or other attesting officer could bind it."

It is hereby certified further that the following is a true and correct statement of the financial condition of said

corporation as of December 31, 1930, and that the financial condition of said corporation is as favorable now as it was when said statement was made:

# FINANCIAL STATEMENT—DECEMBER 31, 1930

## ASSETS

Cash in Office and Banks .....	\$1,010,658.68
Government Bonds (Market Value) .....	1,902,300.00
Railroad Bonds (Market Value) .....	3,054,895.00
Miscellaneous Bonds and Stocks .....	9,232,691.00
Accrued Interest .....	110,409.07
Premiums in Course of Collection .....	3,482,938.01
All other Assets .....	134,940.67

---

\$18,928,832.43

## LIABILITIES

Reserve for Losses .....	7,392,185.01
Reserve for Unearned Premiums .....	6,400,348.61
Reserve for Unpaid Commissions (Not Due) .....	719,811.71
Reserve for Taxes and Expenses (Not Due) .....	365,000.00
Capital Stock .....	1,000,000.00
Surplus .....	3,051,687.10

---

\$18,928,832.43

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said corporation this 6th day of October, 1931.

(Signature illegible) (signed)  
Assistant Secretary



[fol. 2715]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 155

NEW YORK  
SEPTEMBER 26, 1930DIRECTORS, PAN AMERICAN-GRACE AIRWAYS,  
INC.

Gentlemen,

Take the opportunity afforded by the second anniversary of the commencement of operations by our Company on the West Coast of South America to give the Directors a brief resume of the operations, to date, and to remark on past and present performance.

The Directors may recall that on September 13, 1928 our operations were inaugurated by a flight of a plane piloted by Mr. Harris from Lima to Talara. Operations between the Canal Zone and Kollendo were commenced on May 17, 1929. Extensions of the route to Santiago, Chile, were made on July 16, 1929. The line was further extended to Buenos Aires on October 18, 1929, and to Montevideo on November 30, 1929.

The Post Office ordered twice-weekly service on July 1, 1930, at the same time cutting the running time two full days between the Canal Zone and Montevideo.

I refresh the Directors' minds with these dates so that they may appreciate the fact that within the space of practically one year Panagra has increased its mileage from 1206 miles per week to 18,000 miles per week. It has also increased its miles flown per day from 170 to 2570.

It was inevitable that such a rapid increase in route and mileage, coupled with the distance from the source of supplies, would entail added responsibilities and increased [fol. 2716] effort on an already hard-working organization. The necessary additions to that organization could not be made at a moment's notice. [Men] capable of doing their best work and also of handling themselves diplomatically in Latin America have to be very carefully chosen.



They could not be chosen and sent down before-hand, because of the policy that only a minimum expenditure must be incurred until we were placed on a twice-weekly basis.

It is, therefore, a source of gratification to your management, and I am sure it will be to the Directors, to be able to state that since operations commenced, in spite of high-pressure work throughout the organization, there has been no case of loss of life or limb to passengers and flying personnel, and not even a forced landing from motor failure whilst maintaining almost an unbroken schedule. It would be extremely unjust to attribute this record solely to undeserved good fortune. The men on the ground and in the air who have contributed to this record by unfailing diligence under difficult working conditions, and sometimes inclement weather conditions in foreign countries, should receive due credit.

It has been called to your management's attention that certain unfavorable reports have been received concerning the appearance of our planes, and an apparent lack of organization throughout our operations.

I have not been favored with a copy of these criticisms, but as far as I am able to determine, only one such was received from an individual who had any previous experience to qualify him as a judge. It is, therefore, impossible to make detailed reply. I know of no operations in any industry that could not be criticized if a person were so disposed. I would, therefore, beg the Directors to examine the following illuminating data:

Miles flown Sept. 1928 to May 17, 1929	46,000
" " May 17, 1929 to Dec. 31, 1929	282,100
" " Dec. 31, 1929 to Aug. 31, 1930	440,364
Miles flown weekly since July 1, 1930	18,000
Planes in operation May 17, 1929	5
" " " Dec. 31, 1929	11
" " " Aug. 31, 1930	15
Hours flown per plane per day	1.7
Pilots on Pay-roll Aug. 31, 1930	3

Flying hours per pilot per day	1.97
Motors in operation	25
Motors—Spares	15
Mechanics on Pay-roll—Dec. 31, 1929	29
“ “ “ “ Aug. 31, 1930	52
Value of spare parts—Dec. 31, 1929	\$ 26,300
“ “ “ “ June 30, 1930	53,400
“ “ “ “ July 31, 1930	59,800
Operating Costs per mile flown—1929	\$ 2.20
“ “ “ “ “ —to	
August 31, 1930	\$ 1.72
Operating Costs per mile flown—July	
and August, 1930	\$ 1.7
Passenger Revenue 1928	\$ 5,700.
“ “ 1929	\$ 72,500.
“ “ 1930 (to Aug. 31st)	\$ 84,400.

Commenting upon the above data I would respectfully draw the Directors' attention to:—

*First:* The notable and rapid increase in mileage flown.

*Second:* Planes have been placed in operation to care for the increase, so that each plane is in the air less than two hours per day.

[fol. 2718]

*Sixth:* Our passenger service seems to be giving satisfaction, as in the face of strenuous competition from the competing American company in Pera, the passengers [illegible] shows notable increase.

It will be recalled that your management was instructed to exercise the strictest economy in expenditures for operations, and that no large sums for permanent facilities were to be appropriated until the Post Office ordered at least twice-weekly service. This carried with it the obligation to delay the building of hangars and shops until it

was definitely known where these could be strategically located. It was, therefore, not until after July 1st, 1930 that the determination of what looked to be a permanent schedule permitted the expenditure for permanent facilities.

A re-allocation of appropriations was immediately asked for. The construction of a hangar at Lima was commenced. This is now ready for occupancy. Other facilities are either completed or in process of completion.

The services of a maintenance engineer were secured—[fol. 2719] Mr. C. C. Cole, late of the Western Air Express. Mr. Cole arrived in Lima the first part of August, 1930, with instructions to report immediately as to what should be done to place our maintenance on a level with that of any successful airline. Mr. Cole's reputation is so high that the Department of Commerce has appointed him to inspect planes for re-license from Talara to Montevideo, and will accept his statements as to fitness of Panagra's planes. Mr. Cole's recommendations will be carefully studied and placed before you for approval.

It is the intention of the management to have the use of the facilities of four overhaul stations along the route—Panair at Cristobal, Panagra at Lima, Curtiss Co. at Santiago, and either Panair or Panagra at Buenos Aires. This latter depending upon the plans for the extension of "Alas" activities. Where necessary Flight Mechanics will accompany the planes, and Ground Mechanics will be located at intermediate points.

It is believed that it will not be necessary to purchase airports in Peru, Chile or the Argentine, but that by arrangements with the Governments and private Companies, the necessary facilities can be more cheaply obtained. I again call the Directors' attention to the anti-monopolistic policies of the large South American countries, and to their evidenced desire to control commercial aviation within their territorial limits by the erection of Government airports at which all commercial aircraft will be ordered to clear. An incident such as the recent invasion of Chile by a revolutionary plane, piloted by American aviators, will strengthen the determination of the Governments to enforce such policies.

[fol. 2720] It will undoubtedly be of interest to the Directors to read the latest impressions of travellers over our lines. I, therefore, attach to this report extracts from letters from Mr. C. C. Cole, from Commercial Attache Walter J. Donnelly, and from two other important passengers.

I most respectfully request that the Directors hasten the settlement of the unpaid bills for Panair and Grace services during 1929, and the first eight months of 1930. Our estimated Cash Position at October 1st will be:

Cash in Banks Sept. 25th		\$222,100.
P. O. accruals including <del>September</del> ber estimated revenue		280,000.
		<hr/>
Unpaid bills including supplies purchased	\$24,000.	\$502,100.
Appropriated for Chile	87,500.	
Unexpended appropriations	30,000.	141,500.
		<hr/>
Available Cash		\$360,600.

These figures would seem to show that the Company is entirely solvent. No proper statement of Profit or Loss can be made, however, until it is definitely decided what we must pay for supervision by Panair and for W. R. Grace agency fees. If a responsible figure is established for these services, it will be possible to provide, from current revenues, the additional equipment and facilities necessary to insure the continuance of successful operation.

Respectfully,

(signed) J. D. MacGREGOR

[fol. 2721]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 156

Division of  
International Postal Service9212—  
No. 125-971-G-w

(Letterhead of)

POST OFFICE DEPARTMENT

Second Assistant Postmaster General

Washington

December 13, 1950.

Pan American Airways, Inc.,  
122 East 42nd Street,  
New York, N. Y.

Gentlemen:

This is to confirm the understanding with your Washington representative, with reference to the reformation of the contract on Route 4, Miami to Havana, to the effect that since your company has an arrangement with Cuba (understood to be temporary, with negotiations for a permanent arrangement) for the transportation of Cuban air mails to this country, this Department would charge your company at the rate of \$3.20 a pound for the mails brought to Miami, regardless of whether any of such mail bears U. S. air mail stamps and give such Cuban air mails onward dispatch by our domestic air mail routes. It is understood also that your company will be charged for mails from Cuba destined for onward dispatch by F.A.M. Routes 5, 6 and 7, out of Miami.

Very truly yours,

For the Second Assistant Postmaster General.

(Sgd.) E. R. WHITE  
E. R. White,  
Director.

[fol. 2722]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 157

**"EXHIBIT A"**

(Translation).

From "Diario Oficial" of Colombia, No. 21,596, of January 21, 1931.

**LEGISLATIVE POWER****LAW NO. 8 of 1931**

(January 14)

"approving a contract (the one entered into with Gonzalo Mejia covering the establishment of an air transportation service between Medellin and the Gulf of Uraba), and granting certain authorisations to the Government."

The Congress of Colombia

**DECREES:**

Article 1st.—Approval is given to the Contract entered into between the National Government and Mr. Gonzalo Mejia, covering the establishment of an aerial transportation service between Medellin and the Gulf of Uraba, which literally states as follows:

"The undersigned, namely: Tulio Enrique Pascon, male, of age, and resident of Bogotá, Minister of Mails and Telegraphs, duly authorized by His Excellency the President of the Republic, on behalf of the National Government, of the one part, hereinafter called the GOVERNMENT, and Gonzalo Mejia, Colombian citizen, male, of age, and a resident of Bogotá, acting on his own behalf, hereinafter called the CONCESSIONARY, of the other part, have entered into a contract containing the following articles:

[fol. 2723] "Article 1st.—The Concessionary undertakes, for his own account and risk, to undertake all the necessary negotiations in order to establish an aerial service for the transportation of passengers and cargo, between



the Gulf of Uraba and the city of Medellin. For this purpose, the Concessionary shall make connections with one or more companies in the United States of America, which are engaged in these matters, and which, as an essential condition, shall belong to the highest category, with respect to their capital, reliability and ability, to the satisfaction of the Government.

Additional Clause. The Concessionary, in making this connection, shall advise the Government as to the name of the Company or Companies with which it is made, and the present concession shall not be in effect if the Government does not approve them.

Article 2nd.—If the Government approves the connection made by the Concessionary with the companies, said Concessionary shall secure experts provided with airplanes for survey and scientific apparatus for study, in order to examine the aerial currents and all the other atmospheric and topographic conditions, as well as to determine by these means if the service which it is intended to establish is fundamentally possible and practical. The studies referred to in this Article must be completed within the period of twelve months, counting from the day when this contract is definitively approved.

Article 3rd.—If it is found, from the preliminary studies referred to in the foregoing Article, that it is possible to establish the service in question, the Concessionary under [fol. 2724] takes to "inaugurate and establish it within the following six months, that is, within the period of eighteen months, counting from the date when this contract is definitively approved.

Additional Clause. The service shall be understood to have been inaugurated and established when a regular service is in effect of at least two round trips weekly for passengers and cargo, between the Gulf of Uraba and Medellin, with planes having a carrying capacity of not less than one ton.

Article 4th.—The Government grants an exclusive right to the Concessionary for the establishment of the passenger and cargo service referred to in the present contract.



to be carried out by means of airplanes, between the Gulf of Uraba and the city of Medellin, and all the intermediate points between these places, which are included in the territorial zone hereinafter indicated.

**Additional Clause.** This privilege shall not in any way affect the establishment, in the zone covered by the right, of railroads, highroads, overhead wires, or any other kind of terrestrial roads, nor the establishment of river navigation services. Neither shall it affect the aerial transportation lines established or may hereafter be established along the Atrato River.

**Article 5th.**—The zone covered by this privilege comprises a stretch of land one thousand miles in width, covering the entire distance from the Gulf of Uraba to Medellin, and will be bounded as follows: An imaginary straight line [fol. 2725] is drawn from the mouth of the Leon River, in the Gulf of Uraba, as far as the city of Medellin. On each side of this line the concession comprises an area of fifty miles for the entire extension thereof.

**Article 6th.**—The concession, or privilege, shall be in force for the period of fifteen years, commencing from the day when the service is inaugurated, said period being designated for the life of the present contract.

**Article 7th.**—The concession, or privilege, may not in any way, or for any reason, hinder the flight across the territory covered by the concession, of any kind of tourist planes, or planes of any other kind, provided they are not rendering services for remuneration, creating competition with the Concessionary.

**Article 8th.**—The zone covered by the concession may be crossed by other aerial transportation services, provided they do not have the purpose of uniting the furthest points or intermediate stations in the zone covered by the privilege, for the object of competing with the Concessionary's service.

**Article 9th.**—The military, customs, and police aircraft, as well as other aircraft used exclusively in the service of the State, shall have the right to fly freely across the zone

covered by this concession. The Concessionary undertakes to facilitate the landing of such aircraft in his own fields, and to provide the facilities of the hangars and other accessories gratuitously.

[fol. 2726] Article 10th.—The Concessionary undertakes to establish, for its own account and risk, landing fields at all the places necessary for efficient operation and the safety of the passengers and cargo.—

Article 11th.—After the concessionary has obtained the consent of the Government, issued in writing in each case, the Concessionary may install beacons or signals to show the places for landing, hangars, and other accessories for facilitating the landing and sheltering of the airplanes, and establishment of these signals being subject to the formalities and conditions which the Government may consider it advisable to fix.

Article 12th.—The Government shall not incur expenses of any kind, and only undertakes to furnish the land gratuitously for the landing fields when the same are located in uncultivated territory belonging to the Nation.

Article 13th.—When the places for the landing fields are located in territory belonging to private parties, the service referred to in the present contract shall be considered as a public utility for the purposes of the expropriation to be made, provided that it has not been possible for the Concessionary to make an agreement with the owners covering the respective conditions for the acquisition of the territory. The cost of the latter and the expenses required for the expropriation suit, shall be for account of the Concessionary.

Article 14th.—The aircraft shall be modern and provided with all scientific improvements.

[fol. 2727] Article 15th.—The Concessionary is subject to the provisions of the laws, decrees and conventions covering aviation, and to all the dispositions which the Legislative and Executive Powers may dictate in future for the regulation of said service.

Article 16th.—The tariffs, as well as the itineraries for the service, shall be submitted to the Government for approval. Such tariffs may not be higher than those established in the country by other aerial transportation services.

Article 17th.—The Government shall have the right to fifty official passages per annum on the aircraft of the Concessionary, and to reduction of ten percent, in the tariffs for the transportation of cargo.

Article 18th.—In the event that, at any time during the life of the contract, the number of airplanes should be insufficient for the requirements of the service, the Concessionary must increase the number to the extent necessary.

It shall be understood that the aircraft used in the service are insufficient in number when there are not enough to transport the cargo destined to be transported by aerial route and for such reason congestion of cargo is caused at the stations, lasting for at least three continuous months, except in case such congestion is caused by fortuitous case or force majeure. The Government shall duly notify the Concessionary that he must increase the transportation capacity of the service to the extent necessary, and the latter shall have a period of six months, counting from the date of notification, to remedy the deficiency and increase the number of airplanes.

[fol. 2728] In case of difference between the Government and the Concessionary regarding the capacity of the service, the matter shall be decided by experts designated by the parties.

Article 19th.—The Concessionary may not connect the service referred to in the present contract with other established services or those which may hereafter be established, without permission from the Government.

Article 20th.—The Government shall permit the establishment of radio-telegraphic apparatus on board the aircraft, and also at the terminal points of the line, and on the two peaks or summits of the central and western chains of mountains which the aerial line will have to cross, the

Concessionary to abide by the dispositions governing wireless installations and to comply in advance with the formalities imposed by such dispositions for the establishment of the installations, including the requesting of special permits. The installations may only be utilized for the purpose of transmitting and receiving reports concerning atmospheric changes, and dangerous conditions on account of storms, fogs and seasonal rainy weather, and for communicating important notifications regarding losses, fires, or other information of this nature.

Article 21st.—The Concessionary obligates himself to establish close and gratuitous cooperation between the technical and scientific divisions of his company with the Government for the purpose of preparing maps, making inspections and the execution of work, duly and gratuitously providing the services of its experts in matters relating to aviation. The inspections shall not obligate the Concessionary to incur expenses on account of flights or trips by land of employees of the Concessionary.

Article 22nd. In case the Government should wish to utilize the service referred to in the present contract for the transportation of mail, or to permit the radio stations installed in accordance with Clause or Article 20th, to be given to the public service, it will be necessary to enter into special arrangements with the Concessionary.

Article 23rd. The service mentioned in the present contract shall be subject to Governmental inspection, which shall be effected by the Government's employees and agents. Throughout the entire period of the contract, the Government shall maintain with the company, a Supervisor, to be freely appointed and dismissed by it, whose salary, not to exceed four hundred pesos monthly, shall be paid by the Concessionary.

Article 24th. Any irregularities observed in the service shall be penalized by the Government with successive fines up to \$1,000., according to the seriousness of the default. These fines shall also be applicable in cases of non-compliance with the itineraries or alteration of the tariffs.

Article 25th. In case of war or disturbance of the public order, the Government may order the suspension of the service referred to in the present contract, until normal conditions are re-established, without indemnization for damages.

Article 26th.—The present contract may not be transferred, in whole or in part, to any person or company, without permission from the Government, which may reserve to itself the reasons which it may have for not granting the authorization. In no case may transfer be made to a foreign Government.

[fol. 2730] Article 27th.—The Government may administratively declare the present contract to have lapsed in the following cases, in addition to the cases specified under Article 41 of the Fiscal Code:

a) If the service has not been established within the period stipulated in Article 3rd.

b) If there is general interruption in the service for more than three consecutive months, except in case of force majeure.

c) If the guarantee or bond mentioned in Article 28th of the present contract is not duly established.

Article 28th.—During the two months following the definitive approval of the present contract, the Concessionary must establish, to the satisfaction of the Government, a guarantee or bond for the amount of Five thousand pesos (\$5,000).

Article 29th.—In the event there should be occasion to declare the lapse or nullification of the contract for failings attributable to the Concessionary, the latter shall be subject to the payment of a fine of Five thousand pesos (\$5,000) in favor of the State.

Article 30th.—The Concessionary must at all times maintain a legally authorized representative at Bogota.

Article 31st.—The present contract requires for its validity the approval of the Executive, after favorable opinion has been issued by the Cabinet, and shall be forthwith

passed to Congress for its consideration for the purposes of the corresponding legislative approval.

The foregoing shall be duly published in the Diario Oficial.

Bogota, September 29, 1930.

[fol. 2731] Signed, TULIO ENRIQUE TASCON  
GONZALO MEJIA

Witnesses: Signed, Luis Jorge Garzon  
Manuel J. Acevedo

Stamped on the same date.

Seal reading: "Republic of Colombia, Executive Power.—  
Bogota, Oct. 8, 1930.

Approved,

Signed, ENRIQUE OLAYA HERRERA.

The Minister of Posts and Telegraphs,

Signed, TULIO ENRIQUE TASCON

Another seal reading: "Republic of Colombia—Cabinet of  
Ministers, Bogota, October 7, 1930."

At a meeting held today the Cabinet issued a favorable decision regarding the preceding contract.

The Secretary,

Signed, G. NANNETTI C."

Article 2nd.—The Government is given authorization in order that it may, when it so deems advisable, qualify a port at an appropriate place on the Gulf of Uraba for purposes of importation and exportation, and establishing there a customshouse with the necessary personnel.

Single Section.—The amount required for the operation of the customshouse indicated, shall be considered as included in the Budget of expenses for the fiscal year, in which the Government makes use of the authorization conferred upon it under the present Law.



[fol. 2732]

Article 3rd.—The Executive Power is authorized to extend the duration of the privilege dealt with in Article 6th of the present contract to twenty years, if it so deems advisable, and if in exchange for said extension it succeeds in obtaining valuable advantages for the official service.

Issued at Bogota, January 9, 1931.

The President of the Senate,

ABEL CASABLANCA.

The President of the House of Representatives,

RUDOLFO DANIES.

The Secretary of the Senate,

ANTONIO ORDUZ ESPINOSA.

The Secretary of the House of Representatives,

FERNANDO RISTREPO BRICENO.

Executive Power—Bogota, January 14, 1931.

Let it be published and executed.

ENRIQUE OLAYA HERRERA.

The Minister of Posts and Telegraphs,

TULIO ENRIQUE TASCON.



[fol. 2733]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 157A

CC: Vice President &amp; Gen. Atty

PAN AMERICAN AIRWAYS, INC.  
MEMORANDUM

DATE March 6, 1931.

TO	President	FROM	Chief
DEPT.	Executive	DEPT.	Foreign
LOCATION	New York City	LOCATION	New York City

SUBJECT COLOMBIA, THE MEJIA CONCESSION.

Dear Mr. Trippe:

Attached herewith is a translation of the Mejia concession. As it is a somewhat lengthy document I am summarizing below, for your convenience, the more important points:

1. Mejia is obligated to negotiate with American companies for the operation of the concession; the Government reserving the right to approve or disapprove the American assignee.
2. The necessary technical studies must be completed within a period of 12 months.
3. If, as a result of the technical studies, the operation of the concession is found to be practicable, the operation thereof shall commence within a period of 18 months from the date of the approval of Mejia's original concession.
4. The concession carries an exclusive right for the aerial transportation of passengers and cargo, but not mail. If the Government desires to have mail carried on the line, the matter has to be arranged through a special and separate contract.
5. The concession is for a period of 15 years from the date of the inauguration of operations.

6. The concessionaire must provide the necessary landing fields at his own expense. The Government, however, furnishes land free when the fields are to be located on uncultivated territory and on land belonging to the Government.
7. Tariffs and itineraries are to be approved by the Government; the tariffs may not be higher than those charged by other air transportation services in Colombia.

[fol. 2734]

8. The Government has a right to 50 passes per annum, and to a reduction of 10% on the transportation of cargo.
9. The service contemplated by the concession may not be connected with other air services without the special permission of the Government.
10. The Government will appoint a supervisor of the operations contemplated under the concession, whose salary, not exceeding 400 pesos monthly, is to be paid by the concessionaire.
11. The life of the contract (15 years) may be extended by the Government to 20 years if it deems it advisable, and "if in exchange for the extension it obtains valuable advantages for the official service".

Respectfully submitted,

/s/ EVAN E. YOUNG  
Evan E. Young

EEY FP

[fol. 2735]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 158

April 7, 1931

The Honorable  
The Postmaster General  
Post Office Department  
Washington, D.C.

Sir:

There are enclosed herewith four letters pertaining to service to be rendered by this Corporation under certain of its foreign air mail contracts. These include both curtailments and extensions during the balance of the current fiscal year, as well as during 1932. They suggest the following:

1. That Barranquilla be included on the direct Jamaica-Canal Zone Trans-Caribbean Service, supplementing the present North Coast Shuttle service between the Canal Zone and Barranquilla.
2. That service under F.A.M. Route No. 7 from Miami to Nassau be continued during the coming fiscal year under a waiver similar to the one now in effect.
3. That service between Maracaibo and Curacao, on F.A.M. Route No. 5 be temporarily suspended, effective July 1st, 1931.
4. That service on F.A.M. Route No. 10 be extended between Santos and Buenos Aires on a schedule of one round trip per week, effective May 19, 1931, so as to include Florianopolis, Porto Alegre, Rio Grande do Sul, Montevideo and Buenos Aires.

These four proposals are being submitted by us after very careful study, and we believe them to be in the best interests of the Government and postal users, as well as of advantage to this Company.

Foreign air mail service to Curacao, we are informed, has been of great benefit to United States oil interests having extensive operations at that point. In our opinion, how-

ever, this is not nearly as important as the extension of the East Coast service to Buenos Aires.

We have, therefore, recommended that the Department temporarily discontinue the Curacao service, notwithstanding the fact that this Company has a substantial investment in this route. This recommendation was made with the idea that the saving in cost to the Government thereby effected would help to defray a portion of the expense of the East Coast extension.

[fol. 2736] The retouring of the Kingston-Cristobal route, via Barranquilla, involves a very small additional aggregate mileage, and will provide speedier and more frequent service to the North Coast of South America, without impairing the usefulness of the service to the Canal Zone and the West Coast of South America:

We trust that the Department will give favorable consideration to this program, and will approve these recommendations.

Respectfully submitted,

J. T. Trippe, President

[fol. 2737]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 159

April 7, 1931

The Honorable  
The Postmaster General  
Post Office Department  
Washington, D. C.

Sir:

It is respectfully requested that service on F.A.M. No. 10 be extended from Santos, Brazil to Buenos Aires, Argentine, via Florianopolis, Porto Alegre, Rio Grande do Sul, Montevideo and Buenos Aires on a once a week schedule beginning May 24, 1931.

In considering this request, you will recall that at the time the assets of the NYRBA Line were purchased by this

Corporation, there were in existence contracts with the Argentine and Uruguayan Governments for carrying their air mail up the East Coast to the United States. That the NYRBA Line had been performing service under these contracts for approximately seven months. The existence of the contracts was embarrassing to your Department, by reason of the fact that the compensation paid the contractor was less than half that charged by the United States Post Office Department for similar service to the United States via the West Coast. As part of this transaction, in order to avoid this embarrassment, the NYRBA contracts were cancelled and new ones were negotiated with the Argentine and Uruguayan Governments for East Coast service by this Company, at rates corresponding with those charged on the West Coast service.

The time is rapidly approaching when it will be necessary for this Company to commence operations from Buenos Aires and Montevideo to the United States via the East Coast. Our investment, including assets acquired from NYRBA in Argentine, Uruguay and points South of Santos, Brazil, is approximately \$1,000,000 to date. This is greatly in excess of the investment of any of the air mail lines serving this territory, including both American and European.

We believe that the granting of this request is not only justified by reason of the pioneering work done by ourselves and NYRBA in this territory, but that it is to the distinct advantage of the United States Government and the postal users, for the following reasons:

1. Prestige of the United States in encircling the South American continent by its air mail service will be greatly enhanced. This will benefit the United States trade throughout all of South America which is now our greatest potential outlet market.
- [fol. 2738] 2. The new territory served by this extension has a population in excess of 500,000, including the important commercial communities of Florianopolis, Porto Alegre and Rio Grande do Sul. In addition, the extension would be of substantial benefit to the im-

portant cities of Buenos Aires and Montevideo, which have a population of 2,200,000.

3. The establishment of two trunk lines to the Argentine and Uruguay, via the East and West Coasts, reduces the risk of complete curtailment of service, in the event of political disturbances in countries along one of the routes, as well as eliminating the seasonal interruption of service that is almost certain to occur during the six winter months on the Trans-Andean service.
4. Although the East Coast route to Buenos Aires is longer than the West Coast route, it serves the great Eastern Trade Route to South America, and is the only water level route to Buenos Aires from the United States. This not only assures all year round dependable operation, with regularity of service, but is the only route available to passengers who may object to flying at high altitudes.
5. United States interests in Brazil will be greatly benefited in meeting European competition by having direct air communication for mail and passengers with other branch offices in the Argentine and Uruguay. U.S. interests in Argentine, Uruguay and Brazil will be greatly benefitted by having this extension available for inter-communication in meeting European competition.
6. European subsidized lines are already entrenched and daily becoming stronger in this particular territory, and it is important that the United States enter this field at the earliest possible moment.
7. American business men and tourists have already evidenced considerable interest in having available a United States air service for the circumnavigation of South America.

Realizing the importance of this service, and the limited appropriation now available, if this extension is granted,



as requested, we are willing to waive the pay in full on the northbound service from Buenos Aires to Santos during all, or such portion of the fiscal year 1932 as may be necessary.

Respectfully submitted,

J. T. Trippe  
President

[fol. 2739]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 160

April 7, 1931

The Honorable  
The Postmaster General  
Post Office Department  
Washington, D. C.

Sir:

In order to assist the Department in providing funds for the extension of service under F. A. M. No. 10 from Santos, Brazil to Buenos Aires, Argentine, via Florianopolis, Porto Alegre, Rio Grande do Sul and Montevideo, we suggest that the service under F. A. M.-Route No. 5, now rendered by this Company from Maracibo to Curacao, be eliminated during the fiscal year 1932.

While this service is important to a limited group of American interests transacting business in Curacao, we believe that it is much more important to the United States postal users at large to provide for the extension on F. A. M. Route No. 10.

The boat service from Maracibo to Curacao is reasonably frequent, and a substantial saving in time will still be available by affording air mail service as far as Maracibo. The rerouting of service from Miami to the Canal Zone by way of Barranquilla will provide very nearly as good service to Curacao as has been provided under the existing schedules during the fiscal year 1931.



This suggested change would make available to the Department the sum of \$43,254.00 for use in defraying part of the cost of the proposed extension on F. A. M. Route No. 10.

Respectfully submitted,

J. T. Trippe  
President

[fol. 2740]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 161

DEPARTMENT OF STATE  
WASHINGTON

In reply refer to  
80810.79611 Pan American Airways /984

April 9, 1931

Mr. J. T. Trippe,  
President, Pan American Airways, Inc., and  
Vice President, Pan American Grace Airways, Inc.,  
122 East 42nd Street,  
New York City.

Sir:

The Department refers to its letter dated February 12, 1931, concerning your request in accordance with the provisions of Executive Order No. 4971 of September 28, 1928 and the regulations issued by the Secretary of State on February 26, 1929 for permission for the Pan American Airways, Inc., to operate its aircraft into and from the Panama Canal Zone, and for permission for the Pan American Grace Airways, Inc., to operate its aircraft between the Panama Canal Zone and Colombia, Ecuador, Peru, Chile, Argentina, and Uruguay.

By virtue of the authority vested in me by Executive Order No. 4791 dated September 28, 1928, permission is hereby given for the Pan American Airways, Inc. to operate its aircraft to and from the Panama Canal Zone along the following routes, but subject to such regulations as have been or shall hereafter be issued with respect to the operation of aircraft in the Panama Canal Zone:

*For The Pan American Airways, Incorporated.*

1. Canal Zone—Jamaica—Cuba—Florida.
2. Canal Zone—Panama—Costa Rica—Nicaragua—Honduras—El Salvador—Guatemala—Mexico.

On the same basis permission is hereby given to the Pan American Grace Airways, Inc., to operate its aircraft between the Panama Canal Zone and the following foreign countries.

Colombia — Ecuador — Peru — Chile — Argentina — Uruguay.

Very truly yours,

For the Secretary of State:

(signed) FRANCIS WHITE,  
Assistant Secretary.

[fol. 2741]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 162

COPY

June 17, 1931.

President	Washington Representative
Executive	Executive
New York, N. Y.	Washington, D. C.

**Curtailment of FAM Services**

In connection with the East coast extension, Mr. White instructed Mr. Grayson to recheck the appropriation available for 1932 and advise him of the situation.

Mr. Grayson reported that due to the restoration of the full mileage, Cristobal-Barranquilla, and the increase on the second trip of Panagra, there would be a deficit of a small amount which could be taken care of later.

This small deficit, however, was based on the elimination of Nassau, May 1 to January 1; the elimination of the Barran-

quilla-Curacao service; and an allowance of \$23,000 for failures in service on all FAM routes.

I was requested to confer with them on this matter, and Mr. White instructed Mr. Grayson to notify the Company at once of the proposed discontinuance of these two services; also to secure waivers from the Company for the one month's pay provided in the contract in the case of discontinuance of service. Mr. Grayson found that you had already waived this one month's pay in the case of Nassau in a letter dated about a month ago. He is therefore writing you in regard to the waiver for Barranquilla-Curacao.

Yesterday Mr. Grayson called me again and asked me to confer with him and with Mr. White on the schedules you submitted last week. Mr. Grayson had prepared a schedule of his own which he thought was an improvement, but his schedule took no cognizance of our proposed service from Santos to Buenos Aires.

In the course of the discussion, Mr. White told Mr. Grayson that Panagra would receive only \$1.60 per mile for the second trip during the year beginning July 1, and that notice to that effect was to be written to Pan American-Grace. He added that if they refused to accept this order the service on FAM No 9 would be curtailed to one trip per week, and intimated that he had his instructions to take this action. Mr. Grayson is therefore preparing a letter to Panagra along these lines, and asking that they renew their waiver of the additional pay on the second trip per week for the coming fiscal year.

[fol. 2742] Mr. Grayson's attitude is that if Panagra refused to accept this change there is nothing the Department can do except to curtail the service, but he doubts whether they would wish to do this. Mr. White's attitude is in favor of forcing the continuance of the present rate, but it is my personal opinion that Mr. Grayson will urge on him the necessity for continuing two trips a week down the west coast, in view of the commitments of the Department for this service to the public and to foreign postal administrations.

I thought it wise to make no comment and offer no suggestions on this phase of the matter.

In this connection, the matter of the cost of the east coast extension was discussed, and Mr. Grayson placed it at \$253,000 for the full fiscal year. As I mentioned to you in my report of June 16 (Cases Pending in Washington) Mr. White is inclined to reduce the rate on the whole FAM No 10 contract to \$1.80 a mile and to request a waiver for the return trip. However, this attitude is modified after a study of the schedules you submitted. Mr. White then stated that there was no commitment in regard to the east coast and that he had no definite instructions regarding it.

Mr. Grayson's schedule provided for a very excellent service between Cristobal and Trinidad on one round trip per week, making close connections at all points. In order to do this he had to change the schedule on FAM No 6-No 10.

His schedule, however, had certain noticeable defects as regards service between New York and Porto Rico. He brought up again the question of changing the schedule on FAM No 5 to avoid leaving Miami Tuesday morning, as that has been the source of very strong protest from business houses in New York. The result of that departure is, of course, that the FAM No 5 plane gets no mail from New York later than noon the preceding Saturday. Grayson has always objected strongly to this arrangement, and the schedule as now in effect was approved by Mr. White on my urgent request and over strong protest from Mr. Grayson.

The change in schedule FAM No 6-No 10 as submitted by you did not create a favorable reaction, since on mails to Buenos Aires the mail was expedited only one day as compared with FAM No 9, and the return mail from Buenos Aires reached Miami an hour and a-half after FAM No 9 mail which had left Buenos Aires twenty-four hours before the FAM No 10 plane. Grayson and White both felt that the advantage gained was not sufficient to warrant the change in the schedule.

Mr. White's final instructions were to hold the whole question up of all changes in schedule for a few weeks in the hope that the completion of the airway to Miami would permit a change in the EAT schedule, and that a general [fol. 2743] revision of schedules could then be made which

would be more or less permanent and would effect some definite improvement.

I am in receipt this morning of your letter of June 16 enclosing a copy of your letter of that date to Mr. White, but I do not believe that that letter will produce any change in Messrs. White's and Grayson's attitudes. Generally speaking, they are reluctant to make any change in any schedule without assurance that such a change will be permanent, and they are definitely opposed to making a change where there is a prospect that it will have to be changed again in the course of a few months, because of domestic connections.

In regard to the waiver on the second trip on the north coast, there was no discussion on this point; Mr. Grayson simply said that the Department could not accept a conditional waiver.

Mr. Grayson just told me over the telephone that he had received your letter and had studied the schedule. He thinks that the existing schedule is satisfactory for the present, but if you wish to change the schedule between the Canal Zone and Trinidad he has no objection. He and Mr. White, however, do not want to change the schedule on FAM No 6- No 10 at present. He is writing you a note to this effect.

N:H

[fol. 2744]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 163

July 2, 1931

Thomas B. Doe, President

Hon. Walter F. Brown,

Postmaster General, Washington, D. C.

Dear Sir:

The situation in Cuba is rapidly coming to the point where, in order to protect our interests and carry out our agreement with the Cuban Government, it will be necessary

for us either to enter into a working agreement with Pan American or an open fight. Up to the present they have, through control of the business from Miami to Havana, made it difficult for us to develop as we should. Twice I have taken steps to prevent lines being opened between Miami and Havana, in hopes that Mr. Trippe would eventually see the wisdom of concentrating on the through business and leaving the local business to our Cuban company.

At present we are operating mail and passenger lines from Havana to Santiago and from Santiago to Antilla and Baracoa, under government guarantee that enables us to about break even. Cubans resent the moves made by Pan American to encroach on the strictly Cuban business, and I am convinced that the money and efforts spent by Pan American in trying to force us out of Cuba is building up ill-will, whereas a proper working agreement, which would enable us to proceed with our plans to develop the Cuban business would build up good-will for both of us and effect important economies.

[fol. 2745] I believe that a continuation of the present attitude would result in another service from Miami to Havana, with a working agreement between the Seaboard Air Line Railway and our Cuban company. I also believe that the Cuban Government would welcome such a move, as it would produce more traffic and therefore more revenue for Cuba. They, of course, know that Pan American has a \$2-a-mile contract, and many of them feel it is unfair for this to be used as a club to prevent their developing their own aviation.

\* I am making every effort to arrange a proper agreement, rather than have an open fight, and I am taking the liberty of enclosing letter from Mr. E.W. Smith, receiver for the Seaboard Air Lines, and also letters from Mr. W.D. Pawley, president of our Cuban company, which, of course, were meant to be confidential and which I would appreciate your returning to me.

I would not presume to bother you with this matter if it were not for the fact that we wish to, in every way, cooperate with your plans for development of aviation, and do not wish to make any move which is contrary to your desires.



I appreciate that you are loath to step into these matters, but would certainly like to have such indication of your wishes in this matter as you might feel at liberty to give me.

Very truly yours,

Thomas B. Doe

---

[fol. 2746]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 164

July 7, 1931

Capt. Thomas B. Doe,  
Eastern Air Transport, Inc., Sperry Building,  
Brooklyn, N.Y.

My Dear Captain Doe:

Your letter of July 2 has received careful attention. While I, of course, appreciate the desirability of cordial relations existing between the various interests that are carrying the mails by air, I am of the opinion that the Department ought not to be drawn into controversies that are wholly outside our jurisdiction.

I have stated frankly to the air mail operators that in the present state of the industry it did not seem the part of wisdom to invade each other's territory with competitive services and that I did not believe that money paid for postal service should be used to set up services to injure competitors. In pursuance of this policy I suggested the abandonment by the Pan American Co. of the domestic field in the United States, and as a result of that suggestion you are now negotiating with the Pan American Co. for the taking over of their Atlantic City service. Their field is the international service to Mexico, Central and South America, and the West Indies. Consistently with the policy outlined, it would seem improper for any of our domestic air mail operators to use mail pay to invade the peculiar field of the Pan American Co.

[fol. 2747] For your information, I have another letter from Mr. Vidal, of the Ludington Lines, protesting against



the extension of your service to Atlantic City; and again offering to carry the air mail from New York to Richmond at a saving of a thousand dollars a day over the compensation paid the Eastern Air Transport Co.

Sincerely yours,

/s/ WALTER F. BROWN

[fol. 2748]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 165

[Western Union Telegraph Form]

NAZ281 40 DL=MIAMI ILO 10 540P

J T TRIPPE=

(Stamp—Time in Transit—1931 Jul 10—PM 6 19  
..... Minutes)

DELIVER PANAMERICAN AIRWAYS WUX=  
FROM BARRANQUILLA TWENTY COLOMBIAN  
PRESS ADVISES THAT DAILY MIRROR NEW YORK  
PUBLISHING AS A FACT SCADTA SOLD OUT TO  
PANAIR STOP CONSIDER CONVENIENT OFFICIAL  
DENIAL ON BEHALF OF PANAIR STOP SUGGEST  
YOU HAVE DOCTOR HOLGUIN BOGOTA MAKE CO-  
LOMBIAN PRESS PUBLISH DENIAL=

TIETJEN.

[Handwritten notation—31, 1931—NYT]

[fol. 2749]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 166.

1844

5cc.

TELEGRAM TO MR. TIETJEN,  
BARRANQUILLA, COL.

(VIA W.U. DAYLETTER TO MIAMI THENCE BY  
PAA RADIO TO BARRANQUILLA)

DATED: JULY 11, 1931.

COMMUNICATIONS DEPT.,  
PAN AMERICAN AIRWAYS,  
PA—MIAMI, FLORIDA.

TIETJEN BARRANQUILLA THIRTYTWO: SUGGEST YOU RELAY TO URIBE HOLGUIN FOLLOWING MESSAGE TO HIM FROM YOUNG COMMENCEMENT OF MESSAGE WITH RESPECT TO QUESTION OF RELATIONS BETWEEN PANAMERICAN AIRWAYS AND SCADTA SUGGEST YOU MAKE FOLLOWING STATEMENT TO COLUMBIAN PRESS QUOTE WHEN APPROACHED TODAY REGARDING RELATIONS PANAMERICAN AIRWAYS AND SCADTA JUAN URIBE HOLGUIN ATTORNEY FOR PAN AMERICAN AIRWAYS MADE THE FOLLOWING STATEMENT INNER QUOTE PANAMERICAN AIRWAYS FOR WHICH I AM THE ATTORNEY IN COLOMBIA SOMETIME AGO ACQUIRED A BLOCK OF SCADTA STOCK WITH A VIEW TO ITS BEING REPRESENTED BY ONE DIRECTOR ON THE SCADTA BOARD STOP THIS HAS BEEN DONE AND CLOSE WORKING ARRANGEMENTS BETWEEN PANAMERICAN AIRWAYS AND SCADTA ARE BEING DEVELOPED WITH A VIEW TO PROVIDING IMPROVED SERVICE TO THE PUBLIC THROUGH COORDINATION OF SCHEDULES COMMA FASTER SERVICE COMMA THROUGH MAIL AND PASSENGER FACILITIES WITH REDUCED RATES IN BOTH CASES

COMMA EXCHANGE OF TECHNICAL DATA COMMA  
ETCETERA UNQUOTE YOUNG ENDMESSAGE

TRIPPE

CC.MESSRS: TRIPPE, WYMAN, THACH, YOUNG-  
HANDLING, FILE

[fol. 2750]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 167

September 4, 1931

My dear Mr. President:

In confirmation of my telegram of September 1, 1931, it is with great pleasure that I have the honor to advise Your Excellency that on August 24, 1931, there was incorporated under the laws of the State of Delaware, United States of America, an aerial transportation company known as Uraba, Medellin and Central Airways, Inc. This company has been organized with a view to operating the air transport service contemplated by the Concession granted by the Colombian Government to Sr. Gonzalo Mejia (Law No. 8, January 14, 1931).

Uraba, Medellin and Central Airways, Inc. is closely affiliated financially with Pan American Airways, Inc. which for several years past has been engaged in extensive air transport operations in Central and South America, Mexico, and the West Indies. The necessary flying and other technical equipment for the operations of the Concession will be furnished to Uraba, Medellin and Central Airways, Inc. by Pan American Airways, Inc. The technical personnel will be selected from among the technical experts now in the service of Pan American Airways, Inc., thus assuring that the service will be operating on a proper basis as regards efficiency, safety, and reliability.

Sr. Gonzalo Mejia, in company with Mr. Alan F. Winslow, President of Uraba, Medellin and Central Airways, Inc., will proceed shortly to Bogota to acquaint Your Ex-  
[fol. 2751] cellency's Government with all pertinent details

affecting the operation of this contemplated service and to comply with all requirements specified by Law and by the Concession above mentioned.

The Directors of Uraba, Medellin and Central Airways, Inc. are:

Messrs. Alan F. Winslow (Representative, Foreign Department, Pan American Airways, Inc.)

Evan K. Young (Vice President in charge of Foreign Department, Pan American Airways, Inc.)

Robert C. Thach (Vice President and General Attorney, Pan American Airways, Inc.)

H. Preston Morris (Assistant General Attorney, Pan American Airways, Inc.)

Gonzalo Mejia

----- (Colombian Director to be elected)

----- (Colombian Director to be elected)

The Officers of Uraba, Medellin and Central Airways, Inc. are:

Messrs. Alan F. Winslow, President

Gonzalo Mejia, Vice President in charge of Commercial Operations in Colombia

H. Preston Morris, Secretary

J. S. Woodbridge, Treasurer

The following statistical data as of July 1, 1931, with respect to the operating record of the Pan American Airways System, may be of interest in this connection:

18,500 miles of airways in operation.

85,793 passengers carried.

1,561,583 passenger miles flown.

1,788,754 pounds of mail, express and baggage carried.

101 air liners.

99.71% regularity of schedule maintained.

[fol. 2752] I trust that the full information which will be placed at the disposal of Your Excellency's Government by Sr. Mejia and Mr. Winslow, together with the general knowledge, possessed by the Government with respect to Pan American Airways Corporation, its organization, its operations, resources, etc. and its close financial and technical affiliation with Uraba, Medellin and Central Airways, Inc. will be sufficient to warrant Your Excellency's Government in formally approving the assignment by Sr. Gonzalo Mejia to Uraba, Medellin and Central Airways, Inc. of his above mentioned Concession, as provided for in Article 36 of the Concession.

I am, my dear Mr. President, with warmest personal regards,

Very sincerely yours,

J. T. TRIPPE

President, Pan American Airways, Inc.

His Excellency, Dr. Enrique Olaya Herrera  
President of Colombia  
Bogota, Colombia

CC: Vice Pres. and Gen. Attorney  
Vice Pres. in Charge Foreign Dept.  
General Traffic Manager  
Chief Engineer  
Asst. Gen. Attorney  
Mr. Winslow, Foreign Dept. *U*

[fol. 2753]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 168

THIS AGREEMENT, made and entered into this 10th day of September, 1931, by and between URABA, MEDELLIN & CENTRAL AIRWAYS, INC., a Delaware corporation (hereinafter called the "Company"), party of the first part, and GONZALO MEJIA, residing at Medellin, Colombia, (hereinafter called "Mejia"), party of the second part,

## WITNESSETH :

WHEREAS, Mejia represents that he is the sole owner of an exclusive concession granted to him by the Government of the Republic of Colombia for the operation of an aerial service for the transportation of passengers and cargo between the Gulf of Uraba and the City of Medellin, and between either of said points and intermediate points, and between such intermediate points, within the territorial zone therein described, evidenced by a written contract embodied in a Decree of the Congress of the Republic of Colombia, designated as Law No. 8 of 1931 (January 14), which approves said contract, and further represents that the attached copy of said contract and decree, marked "Exhibit A", is a true and correct English translation of the original thereof; and

WHEREAS, Mejia has heretofore by separate instrument agreed forthwith to convey, transfer, assign and set over to the Company the aforementioned contract and con-[fol. 2754] cession, and all of the rights and privileges of Mejia thereunder, and to cause the Company to be vested with such rights and privileges and with sole and complete right and authority, and to become duly qualified, to establish and operate the aerial transportation services contemplated under the said contract and concession; and

WHEREAS, Mejia further represents that he is experienced in matters relating to aerial transportation of passengers and cargo and desires, subject to, and in accordance with the terms, provisions and conditions hereinafter set forth, to enter the employ of the Company, and the Company desires so to employ Mejia;

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00), cash in hand paid by each of the parties hereto to the other party, the receipt whereof is hereby acknowledged, and of other good and valuable considerations, the parties hereto mutually agree as follows:

FIRST: That in the event the aforementioned contract between the Government of Colombia and Mejia relating to the operation of an aerial transportation service in



Colombia, and the aforementioned concession, and all of the rights and privileges of Mejia thereunder, are conveyed, transferred, assigned and set over to the Company by Mejia, and the Company becomes vested with all of such rights and privileges, and with sole, full and complete right and authority to establish and operate, and becomes duly qualified to establish and operate, the aerial service [fol. 2755] contemplated in said contract, the Company shall, upon the fulfillment of the foregoing conditions precedent, employ Mejia, and Mejia shall thereupon enter the employ of the Company for the term, and upon the conditions, herein stated, as commercial manager, subject to the control and instructions of the Board of Directors and/or the President of the Company to supervise and manage, within the Republic of Colombia, the commercial activities which may be carried on by the Company in said country in connection with the operation by it of an aerial service for the transportation of passengers and cargo by air in Colombia, and to render such other services, and do and perform such other duties, whether in or outside of Colombia, as shall be from time to time requested by the Board of Directors or the President of the Company.

Mejia shall devote his entire time, energies and attention exclusively, faithfully, diligently and efficiently to the performance of the duties hereinbefore referred to, and to the business of the Company, and shall use his best endeavors and skill to promote the business and interests of the Company:

SECOND: It is further agreed that in the event the conditions mentioned in Paragraph "FIRST" are fulfilled, and Mejia enters the employ of the Company, Mejia shall be entitled to receive and the Company agrees to pay to Mejia, as full payment for all services to be rendered by Mejia to the Company, compensation at the following rates in United States of America currency:

[fol. 2756] (a) \$500. per each calendar month in the first year of Mejia's employment hereunder, and ratably for each fractional part of each such calendar month.



- (b) \$600. per each calendar month in the second year of Mejia's employment hereunder, and ratably for each fractional part of each such calendar month.
- (c) \$700. per each calendar month in the third year of Mejia's employment hereunder, and ratably for each fractional part of each such calendar month.

It is further agreed that in the event of and upon the commencement of Mejia's employment hereunder, as hereinbefore provided, the Company will pay to Mejia as further compensation for the aforementioned services an additional lump sum computed at the rate of \$500. for each calendar month, and ratably for each fractional part of a calendar month, intervening between the first day of September, 1931, and the date on which the aforementioned conditions shall be fulfilled and Mejia shall enter the employ of the Company, such additional lump sum to be paid to Mejia upon the commencement of his employment hereunder.

The aforementioned compensation shall be payable by mailing a check therefor, to the order of Mejia, addressed to him at Medellin, Colombia, or otherwise as may be mutually agreed by the parties hereto.

It is further understood and agreed that the compensation hereinbefore in this Paragraph "SECOND" specified shall cover all expenses of Mejia while residing or travelling [fol. 2757] in Colombia, but that in the event the duties of Mejia to the Company shall at any time after the commencement of Mejia's employment hereunder require Mejia to travel outside of Colombia, Mejia shall be entitled to be reimbursed, and the Company agrees to reimburse Mejia, for such reasonable travelling expenses as shall be properly incurred by Mejia in connection with the performance of such duties outside of Colombia and as shall be approved by the President of the Company. A detailed itemization of all such travelling expenses so incurred by Mejia shall be furnished to the Company, on forms approved by the Company, as soon as practicable after the end of each calendar month, or upon the request of the Company.

THIRD: The term of Mejia's employment hereunder shall be three (3) years from the date on which the conditions mentioned in Paragraph "FIRST" upon which Mejia is to enter the employ of the Company shall be fulfilled. It is agreed, however, that the Company shall have the right to terminate Mejia's employment, and the agreement of employment, on the first day of any January or July subsequent to the commencement of such term, by mailing to Mejia, not less than thirty (30) days prior to such date of termination, a written notice thereof addressed to Mejia at Medellin, Colombia.

IN WITNESS WHEREOF, the party of the first part has caused this instrument to be signed by its President thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and the party of the [fol. 2758] second part has hereunto affixed his signature and seal all as of the day and year first above written.

URABA, MEDELLIN & CENTRAL AIRWAYS, INC.

By ALAN F. WINSLOW —  
President.

(Corporate Seal)

ATTEST:

H. Preston Morris  
Secretary.

Gonzalo Mejia (L.S.)

[fol. 2759]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 169

The New York Times, December 12, 1931

AIRLINES TO SHARE TRAFFIC IN COLOMBIA

Pan American Buys Interest in Seadta, Agreeing to Division of Central American Trade.

Pan American Airways, operating lines, with Miami as a base through the West Indies and Central and South

America has signed a preferential agreement with Scadta lines operating in Colombia, it was revealed here yesterday by Juan T. Trippe, President of the American system. Dr. Peter Paul von Bauer, managing director of Scadta, has been in New York for some time conferring with officials of Pan American.

The new agreement does away with competing and parallel lines in and near the Canal Zone. At the same time Mr. Trippe announced that Pan American had purchased a substantial financial interest in the Scadta company which operates under the laws of Colombia, through which Pan American will be represented on the Board of Directors of Scadta. The majority on the Board, however, will continue to be Colombian citizens.

On Dec. 1 Scadta signed an agreement with the Colombian Government by which the air line becomes the airmail administrator for the country. Under the new arrangement with Pan American, Scadta discontinues its lines along the north and west coasts of South America and into the Canal Zone, a region which is served by Pan American Airways. Scadta in turn plans to expand its lines in the interior. Recently the United States Post Office Department made an agreement with Colombia covering the exchange of American airmail at the seaboard terminals for distribution in Bogota, the Colombian capital and other interior cities over the Scadta lines as well as for Colombian mail destined for the United States.

The new agreement Mr. Trippe said brings about co-ordinated schedules making it possible to move the mail between New York and Bogota in forty-four hours and passengers in fifty-six hours, a saving of eighteen days over the fastest steamer service. The lines also are to carry international express.

[fol. 2760]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 170

(Translation)

**DEED OF ASSIGNMENT OF THE MEJIA  
CONCESSION TO URABA, MEDELLIN  
& CENTRAL AIRWAYS, INC.  
JANUARY 11, 1932**

*Instrument No. 36*

In the City of Bogota, Department of Cundinamarca, Republic of Colombia, on January 11, 1932, before me Gregorio Ospina E., First Notary Public of this Circuit, and the witnesses hereto, Messrs. Luis M. Guerrero M. and David Becerra D., males, of legal age, residents of this city, of good character and without any impediment to act as witnesses, appeared Messrs. Doctor Alberto Pumarejo, Minister of Mails and Telegraphs, as to whose official character I certify, in the representation of the National Government; Gonzalo Mejia in his own name; and Juan Uribe-Holguin, representing the corporation Uraba, Medellin & Central Airways, Inc., with its principal office in Wilmington, County of New Castle, State of Delaware, United States of America, organized under the laws of the said state, of which corporation he is the attorney in fact pursuant to public instrument No. 2015 of October 26, 1931 executed in the First Notarial Office of Bogota, all of the appearing parties being males, of legal age, the first and last mentioned being residents of Bogota and Mr. Mejia being a resident of the City of Medellin, which parties I know personally, and they deposed:

That they raise to a public instrument the following contract of December 22, 1931, approved by the Executive on the 8th instant, pursuant to a favorable opinion given by the Council of Ministers, which contract embodies the assignment made by the appearing party Gonzalo Mejia to the Uraba, Medellin & Central Airways, Inc. of the concession for a service of aerial navigation between Medellin and the Gulf of Uraba which was granted by the National

Government pursuant to a contract of September 29, 1930, [fol. 2761] duly approved by the Executive, pursuant to a favorable opinion issued by the Council of Ministers on October 8, of the same year, and then approved by law No. 8 of 1931, said contract being elevated to public instrument in the Fourth Notarial Office of Bogota in public instrument by deed No. 281 of February 12, 1931:

"The following contract has been entered into between the National Government represented by Alberto Pumarejo, Minister of Mails and Telegraphs, acting under authority of his Excellency the President of the Republic, of the first part; Gonzalo Mejia, a resident of Medellin, of the second part; and the corporation Uraba, Medellin & Central Airways, Inc., with its principal office at Wilmington, County of New Castle, State of Delaware, United States of America, and duly organized under the laws of the said state, represented herein by Juan Uribe-Holguin, its attorney in fact pursuant to public instrument No. 2015 of October 26, 1931 executed in the First Notarial Office of Bogota, of the third part:

"FIRST—Mejia, with the permission to assign stipulated in Article 26 of the contract hereinafter mentioned, which permission was granted by the National Government by virtue of the Resolution of the Ministry of Mails and Telegraph No. 193 dated the 14th instant, approved by his Excellency the President of the Republic, assigns to the corporation Uraba, Medellin & Central Airways, Inc. the concession for a service of aerial navigation between Medellin and the Gulf of Uraba which was granted to him by the National Government pursuant to a contract of September 29, 1930, approved by the Executive after favorable opinion by the Council of Ministers dated October 8, 1931, and then by law No. 8 of 1931, or in other words, the privilege thereby granted, together with all of the rights corresponding to him under the said contract, without any exception whatever. The corporation named is to hold all the rights given by the contract to the concessionaire to [fol. 2762] the same extent as it had been as if it had made the contract itself and, conversely, the corporation is to be bound to perform all of the obligations stipulated in the

contract excepting those already performed. The obligations referred to in Article First and Second of the contract, namely, to make a proper connection and to perform the preliminary studies, have been complied with, the National Government having so declared in Resolution of the Ministry of Mails and Telegraph No. 181 of November 9, 1931, approved by His Excellency the President of the Republic on the eleventh of the same month.

"SECOND—In compensation of the said assignment the Uraba, Medellin & Central Airways, Inc. allocates to Mejia fifteen hundred (1,500) shares of the common stock of the corporation, without par value, being the same in all respect as the remainder of the common stock, the certificate or certificates for which it will deliver to him. Mejia will execute the corresponding receipt to the corporation.

"It is stipulated that Mejia shall have no action for cancellation of the present contract of assignment by reason of a failure to deliver to him the said certificate or certificates for said fifteen hundred (1,500) shares, nor for any other reason, but shall only have an action against the assignee corporation for the delivery of the said certificates. In no event may the present contract be annulled or rescinded.

"THIRD—Uraba, Medellin & Central Airways, Inc. expressly declares that with reference to everything concerning the contract herein assigned to it, it will be subject to the Colombian law and to the jurisdiction of the National courts, and that it waives recourse to diplomatic channels with respect to any claim based upon the rights and duties deriving from the contract, excepting in case of a denial of justice, it being understood that there is no such denial [fol. 2763] if the corporation has exhausted all of the remedies and actions which, pursuant to Colombian laws, may be utilized before the judicial authorities, all pursuant to Article 42 of the Fiscal Code.

"FOURTH—As set forth in public instrument No. 281 of February 12, 1931, executed in the Fourth Notary Official of Bogota, by which the concession contract was elevated to public instrument and pursuant to Article 28, Dr. Juan Antonio Toro constituted himself surety for Mejia



in the sum of five thousand dollars (\$5,000). The National Government, in consideration of the fact that the assignee corporation will furnish the guarantee hereafter mentioned, hereby releases the said Dr. Toro from all liability and declares his surety cancelled.

"FIFTH—Pursuant to the said Article 28 of the concession contract the Uraba, Medellin & Central Airways, Inc. has already deposited in the Banco de la Republica, to the order of the Ministry of Mails and Telegraphs, in the form of Colombian Internal Debt Ten Per-cent (10%) Bonds, the sum of five thousand dollars (\$5,000), for the purpose of guaranteeing the performance of the said contract. The certificate of deposit bears the number 854 and is dated the eighteenth of the present month. The said Company shall have the right to receive the interest upon the deposited Bonds as stated in the aforesaid certificate.

"SIXTH—The National Government agrees to the assignment covered by the present contract and approves the same. In the future it will consider the Uraba, Medellin & Central Airways, Inc. as the concessionaire. The Government also agrees to accept the guarantee referred to in the foregoing paragraph, and which supersedes and replaces the first security posted.

"SEVENTH—The present contract requires for its validity the approval of His Excellency, the President of the [fol. 2764] Republic, to be given upon favorable opinion by the Council of Ministers. It shall then be elevated to public instrument and, in due course, published in the Diario Oficial.

"There were added to the present Notary's Protocol a certified copy of each one of the two Resolutions herein before cited.

"In testimony whereof the present contract is signed at Bogota on December 22, 1931, before two witnesses.

"Signed, ALBERTO PUMAREJO  
GONZALO MEJIA  
JUAN URIBE-HOLGUIN



"Witnesses: signed, LUIS JORGE CARZON  
MANUEL J. ACEBEDO

(Contract bears two documentary stamps duly cancelled,  
for the value of \$1.04).

"Republic of Colombia—Council of Ministers—Bogota,  
January 8, 1932.

"At today's meeting the Hon. Council issued a favorable  
opinion with respect to the preceding contract.

"The Secretary,  
Signed, NANNETTI C.

"Republic of Colombia—Executive Power—Bogota, Janu-  
ary 8, 1932.

"Approved,  
Signed, ENRIQUE OLAYA HERRERA

"The Minister of Mails and Telegraphs,  
Signed, ALBERTO PUMAREJO"

There is annexed to the protocol the original of the con-  
tract above transcribed and a copy of the Resolutions No.  
181 and 193 of 1931 to which the latter part of Article 7 of  
the said contract refers and which are as follows:

#### "RESOLUTION NO. 181 OF 1931

"Ministry of Mails and Telegraphs, Bogota, November 9,  
1931.

[fol. 2765] "Article 1 of the contract entered into with Mr.  
Gonzalo Mejia for the establishment of a service of aerial  
navigation between Medellin and the Gulf of Uraba ap-  
proved by Law 8 of 1931, provides that the concessionaire,  
to the end of establishing the service in question, shall  
make connection with one or more companies of the United  
States of America, devoted to such matters, and which shall  
be, as an essential condition, of the highest category by  
reason of their capital, reliability and technical knowledge,  
to the satisfaction of the Government, and that upon the  
concessionaire making this connection he will furnish to the

Government the name of the Company or Companies with which he has made the connection, and the present concession shall have no effect if the Government does not accept the said Company.'

"Article 2 provides that 'once the Government has accepted the connection made by the concessionaire with the said Companies, the concessionaire shall bring experts provided with airplanes for exploration and the proper scientific apparatus, to study the air currents and all other atmospheric and topographical conditions to the end of determining if the proposed service is fundamentally possible and practical. The studies to which this Article refers must be finished, as the clause states, in the term of twelve months, beginning on the date when this contract is definitely approved.'

"The concessionaire in an official communication dated October 26th, last, states that, as he had previously advised by cablegram from the United States, he has made a connection, as required by the contract, with Pan American Airways, Inc. and its subsidiary Uraba, Medellin and Central Airways, Inc. The concessionaire further advises that the preliminary studies prescribed by Article 2 of the concession contract were made by experts of the said companies, and that as a result thereof the service covered by [fol. 2766] the said contract is fundamentally possible and practical. With respect to the connection with Pan American Airways, Inc. and its subsidiary Uraba, Medellin and Central Airways, Inc., the Government has no observation to make, for the reason that the former is an organization known throughout the world, which has established under excellent conditions a wide air service which comprises a great part of the American continent, and the other Company, as a subsidiary of Pan American, offers no obstacles whatever to fulfill the purposes of the connection in question.

"With regard to the preliminary studies, the concessionaire has presented a report by Mr. Andre A. Priester, Chief Engineer of Pan American Airways, Inc., by which it appears that a study was duly made of the air currents

and other atmospheric and topographical conditions obtaining in the territorial zone covered by the concession granted to Mr. Mejia, and that the conclusion reached by the company is that by utilizing amphibian multi-motored planes, equipped with radio, supported by similar radio apparatus installed at Medellin and the Gulf of Uraba, and coupled with landing facilities which can be established, it is fundamentally possible and practicable to operate an air transport service for passengers and freight in the aforesaid zone. As a basis of his conclusion, the Chief Engineer of Pan American Airways, Inc. refers to the physical survey made personally by an authorized representative of the Company and by Mr. Fred Clarke, Chief Pilot of Pan American Airways, between May 22nd and May 31st, of the present year, and to the flights effected by the said pilot in a Sikorsky amphibian plane, over the territory between the Gulf of Uraba and the neighborhood of Medellin on the 30th and 31st days of the said month. Therefore the studies prescribed by Article 2 of the contract were performed in the manner stipulated, with affirmative results and within the term established therefor.

[fol. 2767] "In consequence of the foregoing, the Ministry RESOLVES:

"FIRST—To accept the connection reported by Mr. Gonzalo Mejia with the Pan American Airways, Inc. and Uraba, Medellin and Central Airways, Inc., made by him pursuant to the provisions of Article 1 of the contract entered into with him for the establishment of a service of aerial navigation between Medellin and the Gulf of Uraba, approved by Law 8 of 1931.

"SECOND—The obligation on the part of the concessionaire to make the preliminary studies prescribed in Article 2 of the contract is hereby declared performed, and as a result of the said studies the service in question is found to be fundamentally possible and practical.

"Let due notice hereof be given and publication be made.

"The Minister,

Signed, ALBERTO PUMAREJO

"Republic of Colombia—Executive Office—Bogota; November 11, 1931.

"Approved.

Signed, ENRIQUE OLAYA HERRERA

"The Minister of Mails and Telegraphs,

Signed, ALBERTO PUMAREJO

"The foregoing is a true copy. Bogota, January 9, 1932.

"The Secretary of the Ministry,

Signed, NICHOLAS VARGAS LEIVA"

(Seal)

---

"RESOLUTION No. 193 OF 1931  
(December 14)

"whereby permission is granted to Mr. Gonzalo Mejia to transfer to Uraba, Medellin and Central Airways, Inc. the concession for the establishment of a service of aerial navigation between Medellin and the Gulf of Uraba.

"Ministry of Mails and Telegraphs—Bogota—December 14, 1931.

[fol. 2768] "Mr. Gonzalo Mejia has requested permission to transfer to the Company entitled Uraba, Medellin and Central Airways, Inc., with its principal office in Wilmington, State of Delaware, United States of America, the concession granted to him by the Government for the establishment of a service of aerial navigation between Medellin and the Gulf of Uraba as per contract of September 29, 1930, approved by Law 8 of 1931. Petitioner presents, a duly certified copy of the Diario Oficial No. 21853 of November 28, last, in which appears:

"(a) A certificate by the First Notary of Bogota, dated the 6th of the same month, recorded in the Chamber of Commerce of this city on the 7th instant, whereby it appears that by public instrument No. 2091 of November 5, 1931, Dr. Juan Uribe-Hoiguin protocolized the following documents: the certificate of incorporation of the aforesaid corporation; copy, certified by Notary Public Edward

Schuster of New York under date of September 28th last, of the Bylaws of the said corporation and the general Power of Attorney conferred by the Company on Mr. Alan Francis Winslow, a resident of New York.

“(b) A Certificate of the same Notary, dated November 7th last, by which it appears that Mr. Alan Francis Winslow, in public instrument No. 2015, executed on October 26th last, substituted to Dr. Juan Uribe-Holguin the Power of Attorney conferred upon him by Uraba, Medellin and Central Airways, Inc. Petitioner also presents copy of official communication No. 340 of the Ministry of Industries, Department of Commerce, Second Section, dated the 9th instant, by which it appears that the Executive, in Resolution No. 14 of the 2nd instant, declared performed on the part of Uraba, Medellin and Central Airways, Inc., all of the legal requisites prescribed by Legislative Decrees No. 2 and 37 of 1906 with reference to the permanent establishment of the said corporation in this country and the constitution of a general attorney in fact to represent it in Colombia.”

[fol. 2769] “Since Article 26 of the said contract provides that the contract may not be assigned without permission of the Government, and there being no objection to the assignment described in the petition by the concessionaire, Mr. Mejia, it is hereby **RESOLVED**:

“To grant permission to Mr. Gonzalo Mejia, to assign the concession for the establishment of a service of aerial navigation between Medellin and the Gulf of Uraba, pursuant to contract approved by Law 8 of 1931, to the Uraba, Medellin and Central Airways, Inc.

“The Government shall not accept the assignment referred to if the assignee corporation does not expressly declare that it submits to the provisions of Article 42 of the Fiscal Code and if the other proper formalities shall not be fulfilled.

“Let notice hereof be given.

“The Minister.

Signed, ALBERTO PUMAREJO

2830

"Republic of Colombia—Executive Office—Bogota, December 15, 1931.

"Approved.

Signed, ENRIQUE OLAYA HERRERA

"The Minister of Mails and Telegraphs,

Signed, ALBERTO PUMAREJO

"The foregoing is a true copy. Bogota, January 9, 1932.

"The Secretary of the Ministry,

Signed, NICHOLAS VARGAS LEIVA"

(Seal)

[fol. 2770]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 171

COPY

Buenos Aires, December 24, 1933

Mr. Harold R. Harris, Vice-Pres.,  
Pan American Grace Airways, Inc.,  
Lima, PERU.

CONFIDENTIAL

Dear Harold:

While we were in Montevideo together I was so worried about what was going to happen to our mutual interests, that I did not observe the advertising that Bonino was putting out for you people. It was only during the last couple of days that I started to look around and observe just what was going on, otherwise I would have brought the matter up while we were together.

I noted in Bonino's office that there were two large maps of the System on which only the names "Panagra" and "Pan American Grace Airways, Inc." were shown.

As you know we opened up an office in the Palace and the material sent over from Buenos Aires advertising your routes, was all of the nature I have described. As a matter of fact no one observing the advertising done in the booth would have thought that Pan American Grace was a part of Pan American Airways System and when I looked



closely at Bonino's office I could find very little that would not make the public believe that Pan American Grace was not the backbone of Pan American Airways.

I do not think I am one-sided in considering both companies and certainly I have always given instructions to this office and also to Bonino that no attempt whatever should be made to influence the public to travel via the East Coast as against the West, but I certainly must object to the advertising being done here and in Montevideo. We have joint offices and wherever they exist it is impossible to put out advertising that brings before the public one company in preference to the other. It may be that you are not thoroughly aware of the copy that has been sent here—personally I was shocked although I suppose I should have known about it as our people should have advised me.

If you want to advertise on the West Coast Pan American Grace, and not mention the System, that is your business, but certainly I have a right to a voice in what is done where both companies operate. The New York office never puts out anything that in any way could make the public believe that the West Coast was less important than the East, at least I have never seen it if they have.

I have personally sold tickets over your line and went out of my way to keep Miss Breckenbridge from changing her proposed trip to the United States although she called [fol. 2771] me at midnight last Thursday complaining about not being able to get a reservation as promised. You realize that if we were in any way competing with you, it would be a very easy matter to convince many people that the high altitudes flown on your route would probably not be as agreeable as flying up the East Coast. I am only mentioning this point to let you know that we would not for a minute think of selling our own Company before one that we only have a 50% interest in and yet it would not be a difficult matter to talk the East Coast if we had no financial interest.

I do not blame you at all for being proud of your Company and wanting to get as much publicity for it as pos-



sible, but everything considered I do not believe it should be your policy to play Pan American Grace as being distinct from the Pan American Airways System. The operation should be considered as a whole and I think our New York office does so. The line on the West Coast is only a small part of the total mileage operated under United States postal contracts; we never think of your being foreign to the System and everything we do is open to you. If you will look at your advertising you will readily see that it originates from that of the System and we would hardly seem equitable for your Company to copy what the System does not unduly emphasize the West Coast Operation.

You and I have always gotten along and I hope you will agree with me that I am not unreasonable in asking you not to send to Buenos Aires or Montevideo material that could be considered as prejudicial to our interest, as we certainly do not intend to do anything to hurt yours.

I did not ask Bonino to have this office boy discontinue the use of the uniform you gave him, but I hope you will do so. Just why I did not notice the word "Panagra" on his cap while you were there, is beyond me, but I certainly did before I left. If a uniform is necessary for the boy, we shall be glad to join with you in designing one that cannot be considered either "Panagra" or "Panair". The only insignia that could go on the boy's cap would be that of the System and I suppose we would have trouble in agreeing on the colour to be used, so it might be well to just let the boy wear civilian clothes. Of course we have no objection to his wearing his present uniform when he goes to meet your planes, but he certainly cannot do it any other time, unless we get another boy to wear Panair clothes all the time. Just what we would do with two office boys is beyond me.

With kindest regards

Yours faithfully,

.....  
Geo. L. Rihl

GLR:PG

c. by mw.

[fol. 2772]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 172

## MONTEVIDEO &amp; BAIRE'S PUBLICITY

JDM

JTS

JMV L

LIMA, December 30, 1933.

Mr. Geo. L. Rihl,  
Panair do Brasil S.A.,  
Rio de Janeiro.

Dear George,

Thank you very much for your December 24 confidential letter on the subject of the Montevideo Panagra publicity.

Taking up this letter paragraph by paragraph, I agree with you that we were so busy worrying that we did not have much chance to think about the details such as the local Montevideo publicity. However, now that I think of it I believe that the Bonino office maps which you refer to are some lithographed posters which were gotten out by our Santiago office some two or three years ago and which it was my impression had completely disappeared from all of our offices. At any rate I have told Van Law and Salsilli, who is the Santiago Traffic head and happens to be here in Lima now, that all of these posters as far as B.Aires and Montevideo are concerned are to be destroyed; and that the only Panagra maps and posters which are to be shown in that district are the standard Pan American Airways System black-and-white map as published everywhere, which is standard for both Panair and ourselves, but as put out by Panagra has the special Pan American-Grace wing on the lower left corner and has the words "Pan American-Grace Airways, Inc." at the bottom, although at the top of the map the wording is "La Red Pan American Airways". I have told Salsilli to straighten out Bonino on his advertising and posters at once, in order that unfortunate instances of this sort can never recur.

With regard to the material sent over from B.Aires to the office opened up in the Palace, I don't recall what this

could be, but presume it was material which Moore must have had on hand there at B.Aires. By no means do we want to make any comparisons between the West Coast and the East Coast routes in any such way as has apparently taken place in connection with this material sent over from B.Aires, to Monte by Moore. If you are still in B.Aires when you receive this letter, I think it would be a good idea to have Moore destroy any publicity which Panagra may have sent him which tends to make the public believe that Pan American-Grace is the backbone of the Pan American Airways System. It is certainly very much to my sorrow that I learn of such a thing occurring in this very important phase of our advertising. In this connection, why not suggest to Moore that if he ever has any doubt in his mind as to publicity sent him by Panagra that he take it up both with Van Law and Rice, since controversial matters of this sort are likely to build up into giant questions, although they were never intended to be of a disparaging nature. In my mind Pan American-Grace Airways has always been and always will be proud to be a minor part of the great Pan American Airways [fol. 2773] System, and the System as a whole is the thing that I have continually in mind as a background for the more direct problems which have to do with my own work with Pan American-Grace Airways. I believe that you and I worked together in most satisfactory fashion in our very fundamental problems as worked up for the Montevideo Conference report, and that absolutely no major emphasis was made on Pan American Airways or Pan American-Grace Airways by either one of us, but that we both played our cards to give the maximum advantage to the Pan American Airways System, rather than make any attempt to sell either the East Coast or the West Coast to the official notice of the Conference delegates. This, you may be sure, will be always the attitude of myself and my associates, and I regret exceedingly anything that may have happened in connection with publicity at either Montevideo or B.Aires which might tend to indicate any other attitude on our part. I assure you that if such a thing occurred it was not intentional.

With regard to the Bonino office-boy, I observed, as you did, the weird uniform which he was wearing at various times, but assumed that it was worn by him when I chanced to see him, in connection with some receipt or dispatch of Panagra planes. Quite frankly, the uniform made very little impression on me, except that it was so badly gotten up. I am in complete agreement that the uniform this boy wears should have the Panagra name taken off it, if it appears on the clothing anywhere, and if it is necessary to have any words that the words should be "Pan American Airways System". If you don't have any objection, I can't see why he cannot have two caps, wearing one cap marked "Pan American Airways" for receipt and dispatch of Panair planes, and another cap marked "Panagra" for receipt and dispatch of Panagra planes, these caps to be used only in connection with receipt and dispatch of the respective airplanes, although at other times I don't see any objection to his wearing a Pan American Airways System or Pan American Airways cap, (if it isn't worthwhile having the word "System" on the Panair cap,) at all times when he is not actually receiving or dispatching Panagra planes.

It is my understanding from Salsilli that Moore is directly in charge of all the publicity and propaganda for both organizations in both B.Aires and Montevideo, and I suggest that he might overhaul all of the controversial possibilities and eliminate them immediately. I have given the necessary instructions to our own traffic people to see that such possibilities do not occur in the future.

Warm personal regards,

Sincerely,

(Signed) HRH

H. R. Harris

[fol. 2774]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 173

February 23, 1934.

H.F.F.

*Memorandum of Conference with Mr. Francis White*

I had a conference with Mr. Francis White on February 23, 1934, in regard to the attitude of the State Department to the development of American aviation in Latin America.

Mr. White stated that as early as 1922 or 1923 he had been impressed by the activities of the Scadta Company in Colombia and had concluded that the United States had better get started if it did not wish to find Central and South America entirely preempted by foreign controlled companies. At that time he asked the War Department to conduct a survey flight between the United States and the Canal Zone and the War Department reported enthusiastically as to the possibilities of developing air transport routes in this area. He also asked the Post Office Department to look into the matter. The Post Office Department sent an inspector to the Canal Zone. The inspector made no real investigation of the possibility and reported that from a mail standpoint the subject was fantastic.

Mr. White was abroad for about nine months in 1926. On his return he found that the Scadta Company had greatly [fol. 2775] increased its activities. It had obtained monopoly concessions in a number of Central American countries and was planning to extend its activities northward. Dr. von Bauer made numerous trips to Washington and requested permission to enter the Canal Zone and the United States. Mr. White stated to Dr. von Bauer that the question of permitting foreign aircraft to fly into the Canal Zone was one which had grave military complications and would have to be carefully studied. Dr. von Bauer also visited Postmaster General New and requested air mail contracts. Postmaster General New told him that no such contracts would be forthcoming except to an American company which used American plans and American pilots.

Mr. White deliberately withheld action on Dr. von Bauer's request for permission to enter the United States and the Canal Zone until there should be developed American companies able to fly into Central and South America.

About 1927, Mr. White became aware of the plans of Pan American Airways to develop air transport routes between the United States and South America. By this time the monopoly concessions obtained by Dr. von Bauer in Central America were expiring because of his failure to initiate service within the time prescribed. Mr. White's recollection is that Pan American Airways obtained its own concessions in most of the countries of Central America without State Department aid.

[fol. 2776] By the end of 1928 Dr. Von Bauer had apparently made up his mind that he would not be able to operate into Central America and was more interested in maintaining a monopoly position in Colombia so as to prevent the extension of American air lines south or east of the Canal Zone. The State Department thereupon undertook negotiations with the Colombian Government for American aircraft to have the right to fly into Colombia in exchange for permitting Colombian aircraft to fly into the Canal Zone.

Mr. White recalls that at some time, probably in 1929, he became seriously concerned over the problem as to the attitude which the State Department should take to various American companies which were operating or attempting to operate air transport routes in Central or South America. He had noted the fact that England, France and Germany had each adopted the policy of backing one strong air transport line. He was afraid that if numerous American companies should endeavor to establish air transport lines in Central and South America the foreign companies would play off one American company against the other and that all the American companies would eventually be destroyed. On the other hand, he was well aware of the established policy of the State Department not to assist one American company against another.

After studying the situation he came to the conclusion that the air mail situation was considerably different from



[fol. 2777] that of other businesses. The business of transporting the mails was a government function. All American companies had enjoyed the privilege of competing for the air mail contracts. When, as a result of competitive bidding, these contracts had been awarded to a company that company had become in effect the instrumentality of the Government for carrying the mails. He, therefore, believed that in the case of countries located along an air mail route or a contemplated extension of such route, the State Department might properly permit its representatives to accord assistance to the American air mail contractor even if this should mean intervening in a struggle between the air mail contractor and some other American company. He discussed this matter with Secretary Stimson who concurred in the views which he had expressed.

I recalled to Mr. White's attention that in addition to the general concessions which he had mentioned, the Government had a direct financial interest in the operation of the air mail contractor since the Government received the revenue on the return mail from foreign countries and that if the air mail contractor did not succeed in getting contracts with these foreign countries the revenues of the Government were correspondingly decreased. Mr. White said that he remembered this phase of the matter.

I called Mr. White's attention to the correspondence between [fol. 2778] Mr. Stimson and Mr. Brown which had been placed in evidence on February 20, 1934 in regard to the Guatemalan situation. He said that he had no specific recollection as to Guatemala although he did recall complaints on the part of Pan American to the effect that the American Minister in Guatemala was obstructing their efforts.

I showed Mr. White the question asked by Mr. Black as to a document containing a statement that the State Department would be justified in informing its representatives that giving assistance to the Tri-Motor Company would benefit foreign interests. He said that he had no specific recollection about this matter although he remembered having heard that Nyrba had made various arrangements with



the French in Brazil and that he may have thought that Tri-Motors was working with the French.

I also called Mr. White's attention to Mr. Black's question as to instructions given to the American Embassy in Paris to assist Pan American. Mr. White said that while he had no specific recollection about the precise instructions referred to, he did recall that Pan American had been obliged to apply to the French Government for authority to operate in French Guiana and in the French West Indian Islands and that he may very well have instructed the American Embassy to lend all proper assistance to Pan American in obtaining these operating rights.

[fol. 2779] I asked Mr. White whether he had ever heard of a report by an employe of the State Department made in 1931 containing a statement that the State Department had been used to favor Pan American. He said that he had never seen such a report. He said, however, that the State Department had an employe by the name of Edward Stinson who was in one of the Bureaus of the Latin American Division. Mr. White did not think well of Mr. Stinson. However, Mr. Stokely Morgan who was Mr. Stinson's immediate superior, thought that Mr. Stinson had some abilities and accordingly retained him as an assistant. Mr. Morgan's successor, Mr. Monro, did not think well of Mr. Stinson. At about this time, someone brought Mr. Stinson to the attention of Mr. Joseph Cotton, the Undersecretary of State, and Mr. Stinson was given the job of writing certain reports for the use of Mr. Cotton and Mr. Stimson. Mr. Stimson also had no confidence in Mr. Stinson and shelved his reports. However, Mr. Stinson continued making reports on a great variety of subjects and submitting them to the Secretary. Mr. White thought that this might well have been one of these reports prepared by Mr. Stinson. Mr. White also suspected Mr. Stinson of being in close communication with Mr. Drew Pearson.

2840

[fol. 2780]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 174

W. P. GRACE & Co.  
NEW YORK

Letter No 2  
(MJK Trip series)

ORIGINAL AIR MAIL LETTER  
COPY FOLLOWS BY STEAMER

On board "Santa Clara",  
March 18, 1935.

[Handwritten notation—Ansd 3/27/35]

A. Garni, Esquire,  
New York.

Dear Garni,

#### SIZE OF EQUIPMENT

#### NORTHERN DIVISION

I think before this equipment question is definitely closed it would be worth your while to give some further study to the question whether we should have S-43's or S-42's.

1) While the S-43's are undoubtedly large enough at present, it will be a year before they are built and, if we figure on using them five years, that means we are considering a 6-year program. In my opinion the S-43's will be too small before the six years have expired. This however does not necessarily mean we should buy an S-42 now because under the proposed plan where we have to buy only one S-43 we could still buy an S-42 later and probably save during the next two or three years, by having a smaller ship, enough to at least equalize the additional cost of not having bought an S-42 originally.

2) A very important point to be considered is that if we can put all our traffic on one plane which carries mail pay, a large part of our passenger revenue then becomes net profit. If we carry the same traffic running two sections of a smaller plane, one of which is without mail pay, the passenger revenue on the latter plane goes toward making

up operating expenses and leaves nothing in the way of profit. At the present time, for instance, we are running double sections of the Sikorskies and must do so to serve the traffic. The second section has no chance of making any money because even if every seat is filled the total revenue is barely enough to pay operating expenses.

[fol. 2781] 3) I would also suggest that you study further the figures we were looking at the other day which show that an S-42 only about half full will pay expenses leaving the additional space for potential profit, whereas the margin for potential profit on the present S-38's is practically zero and on the S-43's is very much less than on the S-42's. The point I have in mind here is that without mail pay no matter how much traffic were offering we could not make money operating S-38's, for even if they were packed to capacity we could barely pay operating expenses. With the S-43's under like conditions we could make some money, but not very much. With the S-42's, assuming the traffic were available, we could make a very comfortable return on our investment.

The equipment we buy now will probably be in use when the present mail contract expires and we have no way of knowing whether we will be receiving any mail pay then or even if we will receive our present mail contract pay up to the end of the contract. It is very important, therefore, to consider the problem of having equipment large enough to give us a chance of breaking even and earning a profit without mail pay. If we cannot assume that there is enough traffic for a ship large enough to earn revenue sufficient for its operating expenses and a profit, then we must take it for granted that when mail pay ceases we will have to fold up the line. It seems to me that the constructive course must be to assume that with proper promotion work sufficient traffic can be developed. Here again it may nevertheless be the part of conservatism to have the S-43 at the start having in mind prompt replacement with an S-42 as traffic conditions warrant; but, there is no doubt that provided a certain minimum traffic can be secured the S-42 is by far the more economical and more profitable unit.

[fol. 2782] 4) Another point to be considered in connection with the S-42 is that we can undoubtedly have one available quite a long time sooner than an S-43 and we will also be getting a more thoroughly tested ship. The S-43 is a new design and Trippe is quite right when he says that there will be a great many delays in ironing out numerous difficulties which will arise on the tests of this ship. The S-42 has been going through this process for months and is not yet finished. We would escape this delay by taking an S-42.

5) If S-42's were used it would be impractical to provide maintenance for them at Cristobal. Maintenance work would have to be done at Miami. This would mean that Panair's plane from Miami would go through to Guayaquil and that our plane from Guayaquil would likewise go through to Miami. Trippe might object to this but if he did not do so I do not see that there would be any objection on our part. I do not know just how he would fit his schedule together under such an arrangement. It is possible he would have to have three planes going through to Miami and that in that case he would want to run two of his to Guayaquil against our one to Miami. This I would not consider satisfactory although on ratio of mileage it would not be so unreasonable as flying from Cristobal to Miami via Barranquilla we would be flying say 2,200 miles over his line as against something over 1,000 miles between Cristobal and Guayaquil, which on a ratio of mileage would entitle him to fly our line twice to our flying his once.

6) The express movement over our line is growing and the Northern Division is the bottle neck for this as well as for international traffic. The growth of this business will cut down our passenger capacity. Trippe estimates that [fol. 2783] of the fourteen seats that are provided by the S-43 only twelve will be available because of the express requirements. I think that he is right and a point may easily be reached where there will have to be further sacrifice of passenger capacity or revenue of express business. Even twelve seats, however, means something more than doubling our present capacity, and, on the basis of our steamship experience, it is hard to see how this should be

inadequate. I am not sure, however, that the parallel is a correct one. If you will take our present traffic over the line which now goes in two sections and combine it in one section, even after making allowances for extra traffic which the two sections may develop, I think you will reach the conclusion that the S-43 with twelve seats does not really represent doubling our capacity. Moreover we are providing a new method of transportation which has already shown a capacity to develop at a rate in excess of anything we are accustomed to in connection with steamers and I believe that that growth has only begun. Not only the cumulative effect of our continuance in business but the improvement which will come from return of better financial conditions and development of tourist business, will, I believe, give us some really startling results. Even with our present inadequate equipment we are rejecting traffic and I have no doubt that we are additionally losing traffic which we never hear about because of the known discomfort of these planes. The number of international passengers which we carry will I am sure be greatly increased once we get better equipment in this Division and all of these international passengers north and south will have to go through this bottle neck. Local traffic will also I believe improve with better facilities.

[fol. 2784] In view of all the above it is my feeling that in buying an S-43 we cannot count on its being adequate for more than two or three years and I am not sure but that a close study of the figures would show that it is only very slightly more than adequate even now. If we buy this ship, therefore, I feel that we should do so fully recognizing that it is not likely to be adequate during its useful life and that we will have to replace it in a few years with a larger ship and that we are spending the extra amount which this represents in the interest of conservatism. It is over a year ago now since I went over these figures and reached the conclusion that the S-43 was adequate. We have rather taken this for granted in the discussion ever since seeking to get S-43's but I am not sure that conditions have not sufficiently changed even within the year to warrant a different conclusion at this time. I think before deciding, therefore,

Campbell and Vidal should make a careful canvass of the whole situation in the light of conditions as they are today and that you should then decide the matter in the light of your analysis of their conclusions.

Very truly yours, .

/s/ HAROLD ROIG

P.S. Perhaps Trippe would be willing to agree that we might switch from S-43's to S-42's at the end of say three months after the Commodore operation is begun, if we felt that the experience of the Commodores indicated the S-43's to be inadequate. I should think that he could do this without prejudice to his situation and it would certainly be extremely helpful to have this Commodore experience before deciding. Needless to say, the decision to which I refer would be that of W. R. Grace & Co.

I will go into this whole question of size of equipment on the ground with Harris and MacGregor and advise our combined views later.

[fol. 2785]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 175

CC: President (via ordinary mail)  
Division Manager

VIA AIR MAIL (Original only)

June 19, 1935

Chief

Operations Manager

Engineering

Caribbean

New York

Miami

Pan Grace Charter Agreement

"Confidential"

After reading the charter arrangement between Pan American Airways, Inc., and Pan American Grace Airways, Inc., we were very disturbed to find that we are obligated to operate a crew and plane of this division between Cristobal



and Guayaquil, Ecuador, alternate weeks during the term of the aircraft lease. We realize that in making this arrangement the consummation would not appear to be difficult to the New York executives because the Commodore and crew would be in Cristobal at the time the service was to be rendered. It is immediately apparent, however, that this will add approximately 23 to 24 hours to the time of the flight group of this division.

Again, considered as a problem to be solved, this is not difficult, the only trouble being that it is another problem on top of those already facing us. We are at a loss to understand how we will be able to conform with the PAA or Department of Commerce regulations in checking out pilots over this run. As far as we can ascertain at present, only Pilots Clark and LaPorte have flown the Guayaquil route and it would not be feasible to confine their schedules to the Miami-Cristobal-Guayaquil route. Possibly some arrangement can be made with Pan Grace to have one of their men familiar with this route travel as copilot on the Panair planes until our pilots are qualified, but we understand this service is not a matter of the future, being planned to commence immediately the chartered Commodore arrives at Cristobal.

Another point which concerns us is the well known fact that Pan Grace organization does not conform with the Department of Commerce or PAA standards in the matter of weight control. We might mention, for instance, that Department of Commerce Inspector Keeley made a notation the day he departed from Cristobal in the S-38 that by even a rough calculation the plane was overloaded a matter of some 100 pounds. We can foresee friction between Pan Grace Traffic Department and the pilots of this division who will insist correctly in limiting the payloads so that the authorized useful load will not be exceeded.

Minor difficulties, which will undoubtedly be solved, have already arisen between the Pan Grace representative, Major Martin, and the Division Engineer concerning the selection of the Commodore. This is caused in part by the necessity of our providing a Commodore for the Brazilian Division on the Manaus run. The only plane which ap-



peared to be available was the NC659M which was one of the listed planes for selection by Pan Grace. This leaves only two planes, the NC668M and the NC664M, from which [fol. 2786] which the Pan Grace representative is to make a choice. The NC668M is now on the Para service. The NC664M is undergoing partial overhaul, ostensibly for transfer to the Pan Grace System, and with the transfer of the NC659M it will not be practicable for us to maintain our schedules if the Pan Grace representative were to select the NC668M, and expect it to be immediately ferried to Cristobal, which means that this transfer must await the completion of repairs to the NC664M, regardless of which plane is selected. Major Martin pointed out that the agreement states that "the aircraft lease will become effective forthwith upon such selection and acceptance and that as soon as practicable thereafter Panair will deliver the aircraft so selected to Pan Grace at Coco Solo airport in Cristobal".

Undoubtedly, Major Martin will advise Pan Grace New York office concerning the delay and we are therefore advising you of the circumstances so that no undue pressure may be placed upon us to make delivery of the aircraft before sufficient equipment is available to protect the schedules of this division.

It is obvious that the resources of the Caribbean Division are being strained to their limit, as we have a ferry to Brazil with a Commodore, no equipment being returned; a ferry to Cristobal with a Commodore, no equipment being returned; and a ferry to UMCA with an S-38, no equipment being returned. These ferry flights naturally affect the immediate efficiency of our flight group and will increase the expense of the Maintenance Department because of the necessity, on account of shortage of equipment, of doing maintenance work at night to insure the necessary reserve for schedules.

They also penalize the income of the Caribbean Division, in that the return of the respective crews to Miami pre-empts pay passenger reservations, and this is more serious than it appears because we cannot afford to have the men away longer than absolutely necessary, therefore have to make NSPL passes for the return trip. Space

is at a premium over practically the entire division and immediately a passenger is turned down, a barrage of requests is received, emanating from all points, including New York, to make an effort to provide space, which is something that cannot be accomplished without delaying the return of one or more members of our flight group. To this in most cases we have to say "no," and the refusal does not in any way increase our popularity with the members of the Traffic Department who may not be fully aware of the efforts made to meet the requirements of other parts of the System. We, in turn, realize that it is one of the responsibilities which go with the position of Operations Manager to take the blame for the necessary decision of replacing pay passengers, but naturally even this part of the problem has to be coordinated. Therefore, as far as possible, definite obligations for ferry flights at a fixed date should be avoided so that we can utilize ferry flights to the best advantage of all concerned as we are able to do in the case of the NC659M, realizing that if this plane had to get to Brazil by July 1, it would be to our advantage to send it as soon as possible so that we could be assured of return space for the ferry crew and utilize it to avoid taking the NC822M into the ports of the Leeward and Windward Islands.

We realize that certain obligations have now been made and will have to be met in some manner, but we believed it worth while to outline to you some of the thoughts which arise in our minds concerning these transfers.

EPC:DS

OPERATIONS MANAGER

[fol. 2787]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 176

PAN AMERICAN-GRACE AIRWAYS, INC.  
135 East 42nd Street New York, N. Y.

CABLE ADDRESS "PANAGRA"

LETTER NO. JDM 2123

SUBJECT: Post Office

Hotel Tivoli  
Ancon, Canal Zone  
November 28, 1936

Mr. J. D. Mac Gregor,  
BUENOS AIRES.

As suggested by you on the phone I proceeded to Balboa on the plane leaving Lima November 23rd. On arrival here I contacted Senator Reynolds of North Carolina, who was leaving the following day by our plane, and also Mr. Chaplin of the Hearst newspapers, who was also leaving the following day on the same trip. I had a very constructive talk with these gentlemen individually, the contact with Mr. Chaplin continuing far into the night (Kelly's Ritz). The following morning I took the early train to Cristobal, arriving in time to meet the Lucia carrying Mr. Harlee Branch, Second Assistant Postmaster General, Mr. Garni, and Mr. Campbell. After greeting these gentlemen I went out to France Field in order to talk with Mr. Sibley, President of the United States Chamber of Commerce, who was a through passenger from Miami, transferring to our plane departing at 9:30. The meeting with Mr. Sibley although short was very pleasant.

Since Mr. Garni had suggested I accompany him on the Lucia to Balboa, I sent Mr. Beatty over on the scheduled plane to introduce Senator Reynolds and Mr. Chaplin to Mr. Sibley since they would be companions on the trip. I then contacted General Brett, Colonel Ballard, Colonel Coleman, Major Kelly, and Major Taylor of France Field. The first two were sailing at noon for the United States, so several rounds of farewells were necessary. I then

picked up Mr. Campbell and we located Mr. Branch and his Secretary, Miss Jean Clark, and took them to lunch at the Strangers' Club after driving them around in Mr. Beatty's car to the various points of interest on the Atlantic side. After lunch I arranged for them to be shown the operation of the locks through the courtesy of Captain Calloway. On the way back from the locks we had a flat tire and were fortunately rescued by the Governor of the Province of Colon, Lignadier, thus making it possible for me to give Mr. Branch an opportunity to discuss local conditions with a high Panamanian official who has been very friendly to us for a long time.

A conference was then held between Campbell, Beatty, Nelowet and myself in connection with the accounting and business problems of the Northern Division office, at which time it was agreed that plan No. 1 of Mr. Vidal's recent personal letter to Nelowet providing for the turning over of a good deal of the accounting work to the Panama Agencies would be carried out as quickly as possible even though it might be later decided that plan No. 2 would be the proper final solution.

That night through the courtesy of Mr. and Mrs. Lyle Prather (Manager of the receiving and forwarding agency of the Panama Railroad), Mr. Campbell, Miss Clark, and I attended a dance at the Strangers' Club, finally returning to the Lucia after having spent a fairly full and profitable day.

On the trip through the Canal on the Lucia the morning of the 26th I was able to discuss several background matters with Mr. Campbell and also again contact Mr. Branch as well as Mrs. Dearing. Mrs. Dearing had not met either Mr. Branch or Mr. Garni so I was able to effect the introductions.

[fol. 2788] Upon arrival at the Tivoli, Mr. Garni went over with me the matters mentioned in your personal letter to me of November 20th and showed me your letter to him of November 18th. He handed me a copy of a memorandum which he had given Mr. Branch on the steamer. I am attaching a copy of this memorandum herewith (Exhibit

A). Unfortunately no map attachments are available, but the memorandum is perfectly understandable without the maps.

Mr. Garni told me that prior to his departure from New York he had cabled Mr. Roig in London the gist of what he was going to discuss with Mr. Branch and had advised Mr. Roig to make his, Mr. Garni's, plan known to Mr. Trippe who was in contact with Mr. Roig in London. He also had Mr. Thach for luncheon on Friday, the day that he sailed from New York; and had told Thach of his plan.

Yesterday afternoon Mr. Garni and I called on the Governor, Mr. Calhoun, and the Governor's Aide for aviation, Lieutenant Smith. Last night Mr. Garni, Campbell, and I went over the final draft of Exhibit B attached herewith and laid plans for a conference which Mr. Branch had decided would be held at 11 o'clock this morning instead of the original date of 3 o'clock yesterday afternoon, the postponement being necessary because of the absence of Mr. Laniel in Cristobal yesterday. Mr. Garni, Mr. Campbell, and I discussed certain of our Panagra problems, particularly the problem of eliminating all division accounting and centralizing this work in Lima. Mr. Garni's first reaction was that this might not be desirable from the standpoint of possible double taxation on the company through the local taxes in the country where the income originates plus an additional tax in Peru when the income is picked up in the books kept in Peru. I believe that he rather likes the idea unless this or some other major consideration which has not yet come to mind shows the idea not worth while. I also outlined some of our minor irritations in Bolivia and particularly stressed the lack of help which Guzman Tellez is suffering from. I also mentioned the fact that apparently all of the Grace people in Bolivia were not receiving sufficient compensation to prevent them from actively looking for better paid jobs in other organizations.

Mr. Garni advised me that next month he would join the Panagra board. I judged from his conversation that a fourth man will be put on the board in representation of Pan American Airways.

When the meeting with the Post Officials finally did take place, Mr. Garni very thoroughly expressed the necessity of making Cristobal in one day from Miami. Mr. Lamiel pointed out that the Post Office Department now has a contract with the Pan American Airways which definitely provides for airmail carriage to Cristobal by way of Barranquilla and that if that were to be changed to provide for a direct route Miami Cristobal not only would the contract have to be re-drawn but the net cost to the U.S. Post Office would be increased by \$73,000 a year because of the additional mileage which would have to be paid from Cristobal to Port of Spain via Barranquilla on account of the Port of Spain/Cristobal operation, which is also under contract to Panair. In other words, the distance from Kingston to Cristobal direct is 127 miles further than the distance from Kingston to Barranquilla, and the U. S. Government secures an effective operation under the present set-up from Cristobal to Port of Spain via Barranquilla by [fol. 278<sup>9</sup>] paying only the additional mile. to Barranquilla/Port of Spain, since that service connects in both directions with the main U. S. mail line Miami/Kingston/Barranquilla/Cristobal.

Mr. Lamiel offered as an alternate plan that Panair would be required to operate in one day Miami Cristobal via Barranquilla, the section Barranquilla Cristobal to be operated at night with a night landing in Cristobal south bound and night take-off in Cristobal north bound but early morning landings in Barranquilla north bound. Mr. Garni objected to this on two grounds, first, that Panair have shown on the thirty-nine trips since the schedule was speeded up on July 15th they have been so late into the Canal thirteen times that we had to postpone our departure to the following day and that if they could not make it Miami/Barranquilla in one day it seemed reasonable that they could much less do Miami/Barranquilla/Cristobal in one day. And secondly he pointed out that passengers would have to get up very early in the morning north bound at Cristobal in order to reach Miami the same day.

A long discussion then ensued upon Mr. Garni's advocating a third complete service to Buenos Aires via the West Coast but from Arequipa to Buenos Aires via La



Paz and Cordova. Mr. Branch stated that the budget hearings had already been completed and that the only way this matter could be re-opened would be on an emergency basis and that he would not feel justified in advocating a third service down the West Coast at this time.

Mr. Garni then launched into an exposition of his alternate suggestion that the beginning of a third service be instituted by means of a service from Cordova to Arequipa via La Paz. Mr. Branch suggested that this be operated in a different way—that is, by only running one trip per week through from Arequipa to Santiago and the other from Arequipa to Buenos Aires via La Paz. Mr. Garni stated that this was out of the question in view of the importance of the American concerns and investments in Chile. In the general discussion that followed between the five of us in the conference—that is, Mr. Branch, Mr. Lamiel, Mr. Webber of the Post Office, Mr. Garni, and me—the following interesting and important facts were brought out:

1. The Post Office officials agreed that if we did not ask for more mileage between Cristobal and Guayaquil we could run that line by the way of Cali, Popayan, or Buenaventura, Tumaco, or any other way, with their blessing.

2. Mr. Lamiel had been given to understand that the Scadta was not permitted to operate into the Canal Zone, hence it was necessary for us to deliver airmail for Bogota to Scadta at Barranquilla. I exploded this theory by pointing out that Scadta operated into the Canal Zone for many months. I also mentioned that Umca could give direct connection to the Canal Zone from Bogota and Medellin.

3. On the East Coast Panair promised to cut the operation from Miami to Port of Spain to a total elapsed time of eighteen hours.

4. Panair now receive mail pay on their second trip from Miami to Para. Mr. Branch has agreed that after July 1, 1937 he will pay them all the way to Rio on this second trip [fol. 2790] provided that within six months Panair will have instituted the cut off operation between Para and Rio, but if they do not institute this service and do not put in



the eighteen hour schedule between Miami and Port of Spain and one day schedule between Port of Spain and Para he will withdraw the mail pay on the second trip (presumably from Para south). He states that if he withdraws this mail pay he will then have funds with which to pay us for the Arequipa/La Paz/Cordova operation.

5. The budget as submitted provides a portion of the money required for the full Atlantic operation, also money for the Alaskan operation and also money for two round trips Miami/Buenos Aires on the East coast plus the operation from the west coast to La Paz. Nineteen thousand dollars is mentioned for this last item.

6. Mr. Garni stated if the Arequipa/La Paz/Cordova service were authorized and subsidized we would be willing to give up the subsidy on the Buenos Aires Montevideo service.

The net result of the discussion was that Mr. Garni did not leave the "Exhibit B" memorandum with Mr. Branch as planned at first since Mr. Branch stated that in order to bring this matter to a head in view of the important points that we made—that is, that we were with our present operation through Chile likely to be held up by the Chilean Government each time when our operating permit expired and that if we did not act immediately we would lose the opportunity to be first in operation on the La Paz/Cordova run in favor of either the French or the Germans—he would, on receipt of a memorandum from Mr. Garni outlining the reasons for what would otherwise be considered an international extension in which the U.S. Government had no interest, see whether he could justify an emergency appeal to the budget Director for the inclusion of a minimum possible sum which we would accept for the implantation of this start toward a third complete service.

Mr. Garni told Mr. Branch that he would prepare such a memorandum promptly upon his arrival in New York and hoped to get it to Mr. Branch by airmail late next week. Meanwhile Mr. Branch is cabling his office to pave the way for a possible emergency request in the near future in view of the seriousness of the Bolivian situation.

Mr. Nelowet had a seat on the plane for Miami today but he gave it up for Mr. Garni, who left Balboa for Cristobal on our regular scheduled flight about 1:35, after instructing Mr. Campbell and me to draw up a preliminary basic study upon which an official memorandum could be prepared to be submitted to Mr. Branch. Mr. Campbell is now engaged in working this matter out, and I hope to have some further information for you on this same mail.

After Mr. Garni left, Mr. Branch called in Mr. Balluder, who arrived today from Mexico, and Mr. Silliman, who arrived two days ago, and we went over in detail with the Post Office officials a number of points which the various Governments had submitted to the consideration of the forthcoming Postal Conference in order to secure the operating companies' reaction to the questionable points. It would appear from the points raised that none of them are likely to be incorporated in the final convention agreement, since most of them are likely to be opposed by one or more countries in addition to the United States.

[fol. 2791] The only matter which seems to be fairly universally desired by other Postal Administrations and which may cause trouble, as far as our discussions went, is the question of one kilo of mail free on each schedule for each country. Both Balluder and Silliman objected most strenuously to this in the name of Panair, and the U. S. Postal authorities feel that it is impossible for them to accede to this idea either.

One point which Balluder brought up independently was discussed at considerable length. This was the question of parcel post at air express rates. Mr. Branch stated that he did not care to discuss this and a number of other points at this time in much detail since the Department itself had not yet established a definite policy, but they were giving study to the matter. As far as the U. S. is concerned the question boils down to the matter of whether they will exercise their right to 800 pounds in each one of our planes and fill this additional space with parcel post. The lines along which they are thinking just now would be to provide a parcel post service for packages weighing perhaps between six ounces and a pound. Mr. Branch is thoroughly

familiar with the additional income which we now are securing through our air express service and is of an open mind as to whether or not we should be permitted to continue to indefinitely postpone the parcel post plane service in order to allow us to secure this additional pay load for our own account. My impression from Mr. Branch's statement was that the parcel post inclusion in our 800 pounds of mail from the U.S. is still a long time off.

(Sgd) H. R. HARRIS

[fol. 2792]

PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 177

Confidential Memorandum re:

AIRMAIL SERVICE U.S.A. TO BUENOS AIRES  
VIA WEST COAST OF SOUTH AMERICA

PAN AMERICAN-GRACE AIRWAYS:

Increase in Traffic and Airmail Revenue:

The chairman of the Imperial Airways, when commenting on the increase in traffic and airmail revenue, at a meeting of shareholders held November 10, 1936, said:

"The majority of that increase was due to the rapid growth in Empire airmail which had risen 78% in the year, due in part to the doubling of the frequency of service and in part to the substantial reduction in airmail rates by the General Post Office."

I quote this interesting statement, coming from a high authority in aviation development, because it has a direct bearing on the problems with which the U.S. airmail line to Buenos Aires via the West Coast is confronted.

The operating frequency over this service is no longer sufficient nor are the airmail rates low enough to attract the amount of air mail which would result from a more moderate rate.

There are at present only two airmail services per week to Buenos Aires via the West Coast, one on Monday and the

other, on Friday from the U.S.A. The interval between these two services is sufficiently great, as to make it still necessary to resort to a great deal of cabling on matters that could in many instances be treated by airmail, were there another connection between Monday and Friday, or say Wednesday, and if the schedule recently improved from 7 days to  $4\frac{1}{2}$  days (U.S.A. to B.A.) could be further improved to  $3\frac{1}{2}$  days, which would be possible soon after a permanent 1-day schedule from the U.S.A. to Panama is established, such improvement in time, coupled with increased frequency and a reasonable downward revision in airmail rates would, we feel satisfied, have a very salutary effect on the quantity of airmail carried, as is evidenced by the experience of the Imperial Airways.

Geographically, Buenos Aires is over 1,200 miles nearer to the U.S.A. via the West Coast than via the East—or 1,866 miles nearer from Miami, via the islands and via Bolivia. This feature, which cannot be changed, together with better than average flying conditions prevailing almost throughout the year, lends itself admirably for the establishment of an airmail service from the U.S.A. to B.A. via the West Coast that will in time not only be equal to the 72 hour service from Europe to B.A. but will actually be shorter, as with cooperation and a certain capital expenditure to provide facilities for night flying between Panama and Lima there is no reason why the U.S. airmail connection to B.A. should be more than 2 days and  $5\frac{1}{2}$  hours.

The West Coast airmail service has now been in existence for some  $7\frac{1}{2}$  years and while considerable progress has been made, we believe that the time has arrived to duplicate this progress.

The service via the West Coast, however, is confronted with other problems, which must be met promptly if the future of this service is not to be exposed to a serious menace resulting from territorial invasion by foreign companies. The heavily subsidized European lines, particularly the Germans, who already have extended their airmail and passenger services to Santiago (Chile) and are already running a line from Sao Paulo to Cochabamba (Bolivia), have their eye on Bolivia and up the West Coast of South America.

Simultaneously the Chilean National Line (LAN), the Bolivian National Line (LAB) and the Peruvian Line (Fauzett) have already consummated an agreement under which they plan to preempt Bolivia, joining their respective facilities to establish what for the present might be called a "local international airmail service."

The menace resulting from this combination must have a prompt answer if the American airmail line is to be developed as it should be so as to keep its premier position equalled by none as regards frequency, time and efficiency.

The seriousness of this situation is accentuated by the fact that the Bolivian Government, which is very jealous of its neighboring republics on the West Coast, all of whom enjoy a twice-weekly U.S. airmail service, is determined to have a similar *international* service. We have received a number of communications during the last few weeks, all of which read about like this:

"The situation in Bolivia is extremely delicate."

"The Germans are pushing vigorously their plans for penetration in South America."

"The President of Bolivia is extremely anxious to have an international airmail service run through his country to Buenos Aires."

"If we do not fall in with his views, we may find him offering the German Company attractive terms (operating rights) to run the European service from B. A. through Bolivia to Peru and Ecuador."

These remarks represent excerpts from a letter received in September from the General Manager of Panagra, who is at present in South America, but a more recent letter dated November 9, from W. R. Grace & Company's General Manager in Bolivia, indicates that the Bolivian Government is determined to get an international airmail service, and in fact the Bolivian Government has appointed a special commission to study the whole question and to report to the President.

## COLOMBIA:

The President of Colombia has, on November 16th, sent us a message inquiring as to the feasibility of changing the present route of F.A.M. 9 in western Colombia so that it would touch at Cali and some other point or points in western Colombia instead of merely skirting the coast and touching Buenaventura and Tumaco as at present. From the point of view of Pan American Grace Airways and also the United States Post Office, this is a very interesting possibility, since Buenaventura and Tumaco are merely transit points for more important interior centers and have no connection with the interior by air, whereas a stop at Cali would directly tap an important source of mail and passenger movement.

Subject to more complete surveys, it would appear that the logical route to follow in order to touch at Cali would be an almost direct route from Cristobal to Cali with a [fol. 2794] probable refueling stop at Bahía Solano. From Cali the route would proceed south along the Cauca and Patia river valleys, swerving slightly to the west in order to avoid the very high country in southern Colombia and northern Ecuador, and then proceed south over relatively low country in Ecuador between the coast and the high mountains. Stops would probably be made at Popayán or some point in the province of Narino, or both. The proposed route between Cristobal and Guayaquil is shown on the attached map.

To do what President López apparently desires, would, according to a preliminary calculation, add only some 85 to 90 miles to the water route now followed, but once the overland route can be followed all the way to Guayaquil instead of skirting the Coast from Tumaco south, the mileage would again be about the same as now.

Therefore, to meet all these problems, viz.:

1. Increased frequency
2. Reduced time
3. Presumption of Bolivia



4. Serving of very populated district in western Colombia.
5. To definitely and effectively establish a 1-day service from the U.S.A. to Panama.

thereby protecting generally the position of airmail routes FAM 5 and FAM 9 of Pan American Airways and Pan American Grace Airways, we suggest that the United States Post Office give serious consideration to the desirability of increasing the through airmail-service by FAM routes 5 and 9, to a frequency of 3 times per week.

It is suggested that this third service between Miami and Cristobal be operated by a shorter and more direct route than at present this route to pass through Havana, Grand Cayman Island and Old Providence Island. Preliminary studies indicate that these islands are suitably spaced and offer favorable conditions for use as refueling stops. The total distance between Miami and Cristobal by this route is 4,178 miles and it would be easily possible for this distance to be covered in one day.

For reasons above indicated, it is further suggested that this third service run from Panama to Cali via Bahía Solano and then to Popayan, Tumaco, Guayaquil, etc.

In order to meet the Bolivian situation it is proposed to run this third trip from Arequipa direct to La Paz, then tap the very important tin mining centers (Patio and others) by continuing the route to Oruro and Uyuni, then towards the important Argentine cities—Salta, Tucuman, Córdoba, through to Buenos Aires.

We further submit for your consideration the deviation of the existing two services from their present route between Mendoza and Buenos Aires to take in the important Argentine city of Córdoba. This deviation which we consider so essential would add only about 80 miles per trip to the existing service.

A schedule and maps are attached hereto, showing the proposed operation of these services on the basis of 31½ days elapsed time between the United States and Buenos Aires.



[fol. 2795]

PROPOSED F.A.M. 9 SCHEDULE SHOWING ONE DAY  
SERVICE TO CRISTOBAL, DEVIATION VIA CALI  
(COLOMBIA) AND CORDOBA (ARGENTINE),  
AND THIRD SERVICE VIA BOLIVIA

2 Services weekly	Third Service	Third Service	2 Services weekly
FIRST DAY		FOURTH DAY	
7:00 AM	7:00 AM Lv. Miami,	Ar. 4:27 PM	4:27 PM
9:13 AM	9:13 AM Lv. Havana	Lv. 2:34 PM	2:34 PM
11:48 AM	11:48 AM Lv. Grand Dayman	Lv. 12:03 PM	12:03 PM
3:17 PM	3:17 PM Lv. Old Providence	Lv. 8:37 AM	8:37 AM
5:34 PM	5:34 PM Ar. Cristobal	Lv. 6:00 AM	6:00 AM

SECOND DAY		THIRD DAY	
5:00 AM	5:00 AM Lv. Cristobal	Ar. 8:20 PM	8:20 PM
7:10 AM	7:10 AM Lv. Bahia Solano	Lv. 5:50 PM	5:50 PM
8:50 AM	8:50 AM Lv. Cali	Lv. 4:50 PM	4:50 PM
10:45 AM	10:45 AM Lv. Tumaco	Lv. 2:58 PM	2:58 PM
1:00 PM	1:00 PM Lv. Guayaquil	Lv. 12:35 PM	12:35 PM
2:30 PM	2:30 PM Lv. Talara	Lv. 10:53 AM	10:53 AM
3:58 PM	3:58 PM Lv. Chiclayo	Lv. 9:10 AM	9:10 AM
4:53 PM	4:53 PM Lv. Trujillo	Lv. 8:10 AM	8:10 AM
6:58 PM	6:58 PM Ar. Lima	Lv. 6:00 AM	6:00 AM

THIRD DAY		SECOND DAY	
6:00 AM	5:00 AM Lv. Lima	Ar. 4:21 PM	5:59 PM
9:13 AM	8:13 AM Lv. Arequipa	Lv. 1:18 PM	2:45 PM
10:48	Lv. Arica	Lv.	1:15 PM
1:23 PM	Lv. Antofagasta	Lv.	10:30 AM
3:23 PM	Ar. Santiago	Lv.	6:00 AM
	11:09 AM Lv. La Paz	Lv. 10:40 AM	
	12:10 PM Lv. Oruro	Lv. 9:30 AM	
	1:35 PM Lv. Uyuni	Lv. 8:20 AM	
	3:50 PM Ar. Salta	Lv. 6:00 AM	

FOURTH DAY		FIRST DAY	
	6:00 AM Lv. Salta	Ar. 3:17 PM	
	7:17 AM Lv. Tucuman	Lv. 2:10 PM	
7:30 AM	Lv. Santiago	Ar.	2:40 PM
9:10 AM	Lv. Mendoza	Lv.	1:25 PM
11:05 AM	10:26 AM Lv. Cordoba	Lv. 11:20 AM	11:10 AM
1:35 PM	12:56 PM Ar. Buenos Aires	Lv. 8:15 AM	8:15 AM

[fol. 2796]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 178

EXTENSION OF F.A.M. 9 THROUGH BOLIVIA  
TO THE ARGENTINE

The activities of the European subsidized airlines, particularly the German line, which has been extending its airmail and passenger services into Chile from Argentine and into Bolivia from Brazil with the obvious intention of pushing them further up the West Coast, make it essential that immediate steps be taken not only to protect the competitive position of Panagra but also to increase the efficiency of the United States airmail service as an aid to American trade and interests in these countries and in the Argentine.

Obviously the most practical step would be to increase to three times a week the frequency of the United States airmail service from the United States to Buenos Aires via Cristobal and the West Coast of South America (F.A.M. routes 5 and 9) and to operate the Miami/Cristobal section of these services by a more direct route which could be covered in one day, as a result of which it would be possible to shorten the F.A.M. schedule by one day and carry mail and passengers from the United States to Buenos Aires in 31½ days with increased frequency, thus maintaining the supremacy in speed and frequency which the U. S. airmail services have hitherto held.

If authority to increase the frequency on this route cannot be obtained immediately, for budgetary or other reasons, the following is proposed as an alternative intermediate step which is essential to protect Panagra's position on the West Coast and to increase its influence and efficiency as a carrier of United States mail in Bolivia and Argentine:

- I. Establish immediately a 1-day service from the United States to Cristobal, which would thus make possible a 31½ day service from the United States to Buenos Aires.

II. Operate the existing twice-weekly service as at present but deviating the route between Mendoza and Buenos Aires to include the important Argentine city of Cordoba.

III. Operate an additional United States mail service from Arequipa, Peru, to Cordoba via La Paz, the capital of Bolivia; Oruro and Uyuni, important Bolivian tin mining centers; and the Argentine cities of Salta and Tucuman. This service would connect with the existing service at Arequipa and Cordova.

The attached schedule the shows proposed operation of these services after all of the above improvements to the existing services shall have been placed in effect. Pending the establishment of one-day service from the United States to Cristobal, a provisional schedule between Arequipa and Cordoba, tying in with the existing F.A.M. 9 schedules, would be operated.

[fol. 2797]

### PROPOSED ADDITIONAL U.S. MAIL SERVICE ON F. A. M. 9 TO BOLIVIA AND ARGENTINA

BASIS: PROPOSED 2½ DAY SCHEDULE  
CRISTOBAL/BUENOS AIRES

SUN.	WED.	SAT.	TUES.
5:00	5:00 lv. Cristobal	ar. 8:08	8:08
8:49	8:49 lv. Buenaventura	lv. 4:47	4:47
10:34	10:34 lv. Tumaco	lv. 2:58	2:58
1:00	1:00 lv. Guayaquil	lv. 12:35	12:35
2:30	2:30 lv. Talara	lv. 10:53	10:53
3:58	3:58 lv. Chiclayo	lv. 9:10	9:10
4:53	4:53 lv. Trujillo	lv. 8:10	8:10
6:58	6:58 ar. Lima	lv. 6:00	6:00

MON.	MON.	THURS.	FRI.	FRI.	MON.
5:00		6:00 lv. Lima	ar. 5:59		5:59
8:03		9:03 ar. Arequipa	lv. 2:45		2:45
8:13	8:18	9:13 lv. Arequipa	ar. 2:30	1:08	2:30
9:48		10:48 lv. Arica	lv. 1:15		1:15
	11:09	lv. La Paz	lv.	10:23	
	12:10	lv. Oruro	lv.	9:30	
10:23		11:23 lv. Antofagasta	lv. 10:30		10:30
	1:35	lv. Uyuni	lv.	8:20	
	3:50	ar. Salta	lv.	6:00	
4:23		5:23 ar. Santiago	lv. 6:00		6:00
TUES.		FRI.	THURS.	THURS.	SUN.
	6:00	lv. Salta	ar.	3:17	
7:30		7:30 lv. Santiago	ar. 2:40		2:40
	7:17	lv. Tucuman	lv.	2:10	
9:10		9:10 lv. Mendoza	lv. 1:25		1:25
TUES.	MON.	FRI.	THURS.	THURS.	SUN.
	10:16	ar. Cordoba	lv.	11:20	
11:05		11:05 lv. Cordoba	ar. 11:00		11:00
1:35		1:35 ar. Buenos Aires	lv. 8:15		8:15

[fol. 2798]

PRESENT SERVICE UNITED STATES (MIAMI) TO  
BUENOS AIRES IN 6 DAYS VIA EAST COAST  
OF SOUTH AMERICA (P.A.M. 10)

Miles 7,112

Miles per year 739,679

COST TO U.S. POST OFFICE  
AT \$1.80 PWR MILE \$1,331,422COST TO U.S. POST OFFICE  
AT \$2.00 PER MILE \$1,479,358

[fol. 2799]

**PROPOSED EXTENSION OF F. A. M. 9 THROUGH  
CALI (COLOMBIA) AND BOLIVIA TO  
THE ARGENTINE**

**PROPOSED SERVICES:**

Route	Miles	Miles Per Year	Cost	Total
One Trip Cristobal/Monte- video via present route but deviating through Cali (Colombia) and Cordoba (Argentina)	4,536.1	471,754	\$1.50	\$ 707,632
One Trip Cristobal Buenos Aires via present route but with above deviations	4,403.6	457,974	1.50	686,956
*One Trip Arequipa to Cor- doba via La Paz Oruro, Uyuni, Salta, and Tucuman	1,385.0	144,040	1.50	216,060
<b>TOTAL COST TO U. S. POST OFFICE</b>				<b>\$1,610,648</b>

**PRESENT SERVICES:**

Route	Miles	Miles Per Year	Cost	Total
One Trip Cristobal/Monte- video via Santiago and Buenos Aires	4,461.6	464,006	\$1.50	\$ 696,009
One Trip Cristobal/Buenos Aires via Santiago	4,329.0	450,216	1.50	675,324
<b>TOTAL COST TO U. S. POST OFFICE</b>				<b>\$1,371,333</b>

**ADDITIONAL COST OF PROPOSED  
ADDITIONAL SERVICE** **\$ 239,315**

\* This service would continue through to Buenos Aires by making exact connection at Cordoba with one of the two Cristobal Buenos Aires schedules.

[fol. 2800].

## UNITED STATES TO BUENOS AIRES.

Annual cost of suggested third service <i>in 31½ days</i> U. S. A. (Miami) to Buenos Aires via island route*, Cristobal, West Coast of South America, and Bolivia .....	\$ 855,134.0
--	--------------

Annual cost of present <i>6-day</i> service U. S. A. (Miami) to Buenos Aires via East Coast of South America .....	\$1,331,422.
---	--------------

Annual saving to U. S. Government, based on East Coast cost of \$1.80 per mile (one round trip per week) .....	\$ 476,288.
--	-------------

Annual saving to U. S. Government, based on East Coast cost of \$2.00 per mile (one round trip per week) .....	\$ 624,224.
--	-------------

---

\* Or by direct flights Miami-Kingston and Kingston-Cristobal, which would increase the distance only 30 miles and the annual cost only \$5,710.



[fol. 2801]

**SUGGESTED THIRD SERVICE UNITED STATES (MIAMI)  
TO BUENOS AIRES IN 3½ DAYS VIA CRISTOBAL  
AND WEST COAST OF SOUTH AMERICA  
(F.A.M. 9)**

	Miles	Miles Per year	Per Mile	Cost
Miami/Cristobal via Havana, Grand Cayman Island and Old Providence Island .....	1,178	122,512	\$1.80*	\$220,526
Cristobal/Buenos Aires via Cali, Popayan, Guayaquil, Lima, Arequipa, La Paz, Oruro, Uyuni, Salta, Tucuman and Cordoba .....	4,068	423,072	1.50	634,608
<b>COST TO U. S. POST OFFICE</b> .....	<u>545,584 Miles</u>			<u>\$855,134</u>

\* This mileage rate to apply until twin-engine aircraft are replaced by four-engine aircraft.

[fol. 2802]

**PRESENT SERVICE UNITED STATES (MIAMI) TO  
BUENOS AIRES IN 6 DAYS VIA EAST COAST  
OF SOUTH AMERICA (F.A.M. 10)**

Miles ..... 7,112

Miles per year ..... 739,679

**COST TO U. S. POST OFFICE**

AT \$1.80 PER MILE ..... \$1,331,422

**COST TO U. S. POST OFFICE**

AT \$2.00 PER MILE ..... \$1,479,358

[fol. 2803]

## PAN AMERICAN WORLD AIRWAYS, INC. EXHIBIT 179

*Copy for Mr. A. Garmi*

Hotel Tivoli  
Ancon, C. Z.  
December 7, 1936

Mr. J. D. Mac Gregor,  
BUENOS AIRES.

Mr. Branch expressed a desire on December 4th to observe the physical transfer of airmail from Panagra to Panair at Cristobal. Consequently he and Mr. Michaelson, Balluder and I took our plane from Balboa on regular schedule December 5th to Cristobal. At Cristobal we were joined by Mr. Campbell and Mr. Taylor, the Cristobal Postmaster. Mr. Branch apparently had no criticism of the physical exchange but asked a number of questions about the safety of the mail for Central America which is stored overnight in the vault in the Panair passenger station at France field.

We remained in Cristobal overnight in order to take advantage of a trip which I had arranged with Major Taylor, acting Commanding Officer of France Field, to take Mr. Branch and Mr. Michaelson on a fishing trip December 6th. This fishing trip carried, in addition to Major Taylor, Captain N. B. Harding, Mr. Branch, Mr. Michaelson, Mr. Flexer, American Chargé d'affaires in Panama, Mr. Balluder, Campbell, and me, and proved to be most satisfactory to all on the trip even though *no fish were caught*. The United States Army Air Corps crash boat was used. The trip was made from France Field through the breakwater to the mouth of the Chagres river, where we disembarked and visited Fort San Lorenzo on foot. This is a most interesting ruin of the Spanish time, captured and sacked by Morgan's men in 1671.

The fishing trip was resumed up the Chagres as far as the launch could go, when we disembarked and walked to the Gatun locks, from where we returned to France Field by automobile and from France Field to Allbrook Field in a special Panair Ford through the courtesy of Mr. Balluder.

During the launch trip Mr. Branch took the opportunity to speak to Mr. Balluder, Mr. Campbell, and me about the negotiations he had been having with Pan American Airways in regard to the additional services on the East coast of South America. He stated that a final agreement had been reached in writing whereby Pan American Airways would receive payment for a second service from Miami to Pará until such time as Mr. Branch could secure additional funds with which to pay for a second trip on the East coast all the way down. This payment for the second trip was also predicated on the establishment by Pan American Airways of a *one day service* from Miami to the Canal Zone, and Mr. Branch made this the key note of his conversation with us, also that Panair would operate a second trip through Brazil on a cut-off, thus eliminating what Mr. Branch called "the Brazilian elbow." Mr. Branch led us to believe in his conversation that if these two promises by Panair—that is, Miami/Canal in one day and operation of the Brazilian cut-off—were not forthcoming in six months after the payment on the East coast second [fol. 2804] trip South of Pará was commenced he would consider that Pan American Airways had violated their agreement, with presumably the consequent cancellation of the mail pay on the second trip. Mr. Branch intimated that he felt that so far Pan American Airways had not shown entire good faith in connection with their operation between Miami and the Canal. As far as he could see they were not taking any steps toward the implantation of a direct service Miami to the Canal in one day. Mr. Branch stated he had told Mr. Trippe that improvement on the East coast—by which I presume he meant airmail payment for a second trip—was only justified if the West coast service to Buenos Aires was speeded up by means of a one day connection between Miami and the Canal, and that this matter was in his mind of vital importance.

You will note that this above conversation confirms what Mr. Branch told Mr. Garni and me in our postal conference as reported in my letter to you of November 28th (JDM 2123).

/s/ H. R. H.

HRH:KW

H. R. HARRIS

cc—NY

Mr. Garni